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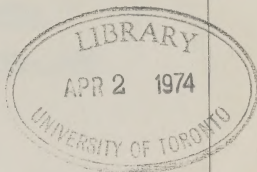
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DOMINION BUREAU OF STATISTICS

CENSUS OF MERCHANDISING AND SERVICE ESTABLISHMENTS

Government
Publications

OPERATING RESULTS
OF
INDEPENDENT FOOD STORES
IN CANADA



1938

*Food stores (independent, including stores organized in
voluntary chains), operating results*

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CENSUS OF MERCHANDISING AND SERVICE ESTABLISHMENTS

Operating Results of Independent Food Stores in Canada, 1938

Introduction

This report is one of a series presenting average operating results in various branches of retail trade in Canada in 1938. The basic data from which the report was compiled were secured in connection with the annual survey of retail trade conducted by the Internal Trade Branch of the Dominion Bureau of Statistics and designed primarily to provide information regarding annual trends in various kinds of business in the several provinces. This report gives average operating results for food stores, separate ratios being shown for grocery stores, combination stores and meat markets.

Results of the Census of Merchandising and Service Establishments for 1930, taken in connection with the last decennial census showed that there were altogether 18,166 grocery stores in Canada that year of which 1,400 belonged to corporate chain companies and the remainder were individual stores. There were also 5,162 combination stores (stores selling both groceries and meats) of which 693 were chain units and the remainder were independents. Meat markets numbered 5,017 and these were almost entirely individually operated. These figures relate only to stores engaged primarily in the retail distribution of grocery and meat products. They do not include country general stores or other types of retail outlets selling grocery products as part of a more comprehensive stock-in-trade.

Approximately 1,700 independent grocery stores, 1,600 combination stores and 900 meat markets report to the annual survey of retail trade. But most of these firms, while able to report general information such as total sales, payrolls and inventories carried, were unable to furnish a breakdown of their operating expenses. Returns from 440 grocery stores, 400 combination stores and 272 meat markets were utilized in the preparation of the operating expense analyses presented in this bulletin. The present report constitutes the first attempt of the Bureau of Statistics to provide a detailed analysis of operating results for food stores. Such an undertaking is rendered difficult because of the lack of uniformity among business houses in classifying and recording expense data. For this reason the figures published here must be considered as indicators of general relationships rather than as material, the absolute accuracy of which can be guaranteed.

Summary of Results

Independent food store sales in Canada during 1938 were maintained at the 1937 level, slight declines of two or three per cent in the Maritime Provinces and Ontario being offset by moderate improvement in the Prairie Provinces. Grocery store sales averaged 1 per cent lower in 1938 than in the preceding year; combination store sales remained unchanged while meat markets reported a 2 per cent increase in dollar business. Slight differences in trend in dollar sales for grocery stores and meat markets may be attributed largely to differences in retail price movements for grocery and meat products over the period under review. The Bureau's retail

price index for grocery products was 1 per cent lower in 1938 than in 1937 while meat prices recorded an average gain of 6 per cent during the same interval.

Analysis of operating results for 1938 for the 440 grocery stores included in the survey reveals a net operating profit of 0.5 per cent of sales after making allowance for an imputed value of proprietors' services but before making any provision for interest on own capital investment. Gross margin or profit (difference between sales and cost of goods sold) averaged 16.0 per cent of sales while operating expenses totalled 15.5 per cent of sales. The stock-turn ratio derived from annual sales reduced to a cost basis and the average of the year-end inventories indicated that stocks were bought and sold out 9.9 times during the year.

The 400 combination stores secured an average net profit of 0.6 per cent of sales on the year's operations resulting from a gross profit or margin of 17.4 per cent and total operating expenses of 16.8 per cent of sales. Stocks were turned an average of 13 times during the year or rather better than once a month. Comparable figures for the 272 meat markets submitting detailed statements reveal an average gross margin of 22.4 per cent and operating expenses of 20.8 per cent resulting in a net profit of 1.6 per cent of sales for the year's operations. The necessity of quick turnover in order to provide the customer with supplies of fresh meat is reflected in a high rate of stock-turn for this line of business, averaging 31 times per year for the firms reporting.

Results for individual firms deviated considerably from these average figures. Nor did all stores secure a profit on the year's trading. Of the 440 grocery stores included in the survey, 240 or 55 per cent operated on a profit while 200 or 45 per cent operated at a loss. The proportion of profitable firms was slightly higher for combination stores at 57 per cent of the total number reporting while meat markets made a better showing with 63 per cent operating at a profit and 37 per cent operating at a loss.

The profitable stores secured a higher gross margin in relation to sales, operated on a lower expense ratio and, except in the case of meat markets, had a higher stock-turn rate than had the unprofitable concerns. The 240 profitable grocery stores reporting operated on a gross margin of 16.8 per cent and had operating expenses of 14.3 per cent resulting in a net profit of 2.5 per cent of sales. These stores turned their stocks an average of 10.4 times during the year. The 200 unprofitable stores had an average gross margin of 14.8 per cent and operating expenses of 17.1 per cent resulting in a net loss of 2.3 per cent of sales. Stocks of these stores were turned 9.2 times during the year.

Similar relationships were found to exist between profitable and unprofitable firms in the combination store field. There were 226 combination stores which reported a profit on the year's business. These operated on an average gross margin ratio of 18.8 per cent of sales and had total operating expenses of 16.0 per cent giving a net profit of 2.8 per cent. The 174 unprofitable stores reporting operated on a gross margin of 15.4 per cent, had operating expenses of 17.9 per cent producing a net loss of 2.5 per cent of sales. Stocks were turned 13.3 times per year by the profitable stores compared with 12.6 times by the unprofitable firms.

There were 171 profitable meat markets included in the sample and these operated on an average gross margin ratio of 23.8 per cent, had operating expenses of 19.9 per cent yielding an average net profit of 3.9 per cent of sales. The 101 unprofitable firms reporting operated on a gross margin of 20.0 per cent and had operating expenses of 22.3 per cent resulting in a net loss of 2.3 per cent of the annual dollar sales.

The relationship between rate of stock-turn and operating results was the reverse for meat markets from that found to exist in the case of grocery stores. The 171 profitable meat markets turned their stocks an average of 28.3 times during the year whereas the 101 unprofitable stores turned their stocks 36.7 times during the same period. The higher stock-turn rate for unprofitable than for profitable stores in the meat market field was restricted to no special size of business but was general for all size classes. Reason for the unusual relationship between profit or loss results and stock-turn rate for meat markets may be found at least in part in differences in refrigeration facilities in various stores attended by differences in length of period during which fresh meat may be kept on hand and also attended by differences in net operating results. Many meat markets carry limited stocks of canned goods and dairy products but examination of the returns for

profitable and unprofitable stores revealed no appreciable differences in the components of commodities sold.

The proportions of profitable and unprofitable firms varied considerably for different sizes of business within each trade. In the grocery field the proportion of profitable to total firms increased as the size of business increased. Stores with annual sales between \$10,000 and \$20,000 were divided in the proportions 47 per cent profitable and 53 per cent unprofitable. Profitable stores formed 55 per cent of the total number in the \$20,000 to \$30,000 class, 58 per cent for stores having annual sales between \$30,000 and \$50,000 and 70 per cent for stores with annual sales of from \$50,000 to \$100,000. Similar tendencies are found to exist in the combination store field, the proportion of profitable to total firms reporting ranging in this case from 51 per cent for stores with annual sales between \$10,000 and \$20,000 to 61 per cent for stores with annual sales of from \$50,000 to \$100,000.

General Operating Expense Analysis

Grocery Stores

In addition to reporting total expense figures each firm was asked to give a breakdown of its expenses into thirteen different expense items. Grocery stores operated on an average total expense ratio of 15.5 per cent of sales comprised of 9.2 per cent payroll and 6.3 per cent other expenses. Included in the payroll data are salaries and wages of employees and an estimated value for the services of those proprietors who devoted the major portion of their time to their retail business. The amounts attributed to these proprietors were obtained in the following way: The expense schedule asked that the number and salaries of proprietors receiving a stated salary be reported. It also asked for the number of proprietors who did not draw a stated salary but whose remuneration consisted only of profits secured from the year's operations. The returns of those firms reporting proprietors' salaries were used in arriving at an average salary per proprietor for stores in different size classes. These averages were then assigned to all proprietors in each size class irrespective of whether or not stated salaries were reported. This practice leads to the classification as unprofitable of some returns whose actual figures may have shown a profit due to a very small amount being reported for proprietors' salaries. On the other hand, it transferred to the profitable classification some returns on which the appearance of an unduly large item for proprietors' salaries would have assigned to the unprofitable group had the figures been used as reported.

Average values of proprietors' services for various size classes as used in this survey are as follows:

<u>Amount of Annual Sales</u>	<u>Average Salary per Proprietor</u> \$
\$10,000 - \$19,999	800
20,000 - 29,999	1,200
30,000 - 39,999	1,500
40,000 - 49,999	1,500
50,000 - 59,999	1,600
60,000 - 69,999	1,600
70,000 - 79,999	1,700
80,000 - 89,999	1,700
90,000 - 99,999	1,700
100,000 and over	1,800

These same averages were used for grocery stores, combination stores and meat markets. It should be noted that proprietors' salaries were estimated in the case of unincorporated companies only. Proprietors of incorporated companies who devoted the major portion of their time to their retail business were considered as employees and their compensation was included with salaries and wages paid to employees. Deviation from the usual practice was made in the case of partnerships reporting more than one partner actively engaged in the business. In such instances the average salary shown above for the corresponding size of business was allocated to one proprietor only. One half the average salary for the same size class was allocated to each additional proprietor.

The necessity of allocating an imputed value for services performed by proprietors introduces an unavoidable element of arbitrariness in the operating results for retail stores. The attached tables give separate ratios for proprietors and employees' salaries. Any owner who does not draw a stated salary and who wishes to compare his results with the averages for his size of business can deduct the proprietors' payroll percentage shown from the total operating expenses and add the same percentage to net profit.

On allocating the amounts shown above to proprietors in the various size classes of grocery stores, proprietors' salaries (exclusive of proprietors of incorporated companies) are estimated at 4.0 per cent of sales. Employees' salaries formed another 5.2 per cent of sales making a total payroll cost of 9.2 per cent.

Advertising expenses formed 0.4 per cent of grocery store sales while "supplies" including wrapping paper, bags, twine, etc., amounted to another 1.1 per cent of sales. Communication costs including telephone, telegraph and postage amounted to 0.3 per cent while bad debt losses amounted to 0.4 per cent of annual sales.

Rental costs averaged 1.9 per cent of sales for stores in rented premises. The survey questionnaire contained six other items closely allied with occupancy costs and figures for which are significant only when considered separately for owned and rented stores. Taxes, (including property and business taxes) formed 0.8 per cent of sales for owned stores and half that proportion or 0.4 per cent for rented premises. Insurance costs averaged 0.4 per cent and 0.2 per cent of sales for the two types. Light, heat and power costs were 0.6 per cent and 0.5 per cent of sales for owned and rented premises. Cost of repairs amounted to 0.6 per cent of sales in owned stores and 0.4 per cent for rented stores. Depreciation amounted to 0.9 per cent and 0.6 per cent of sales for the two types. Interest on borrowed money including mortgage interest but exclusive of any allowance for interest on own capital investment averaged 0.2 per cent of sales for owned stores and one half that figure or 0.1 per cent for rented premises.

Sundry expenses which could not be allocated to any of the other classifications amounted to 0.3 per cent of grocery store sales.

Classification of grocery stores according to size of business reveals a slight decline in gross margin percentage of sales, a greater decline in operating expense ratio and an increase in rate of stock-turn as the amount of annual turnover increases. Stores with annual sales between \$10,000 and \$20,000 just broke even on the year's operations, with gross margin and total expense ratios alike at 16.4 per cent of sales. The sample of stores included in the \$20,000 to \$30,000 size class also had an average gross margin ratio of 16.4 per cent but their expenses were slightly lower at 16.0 per cent of sales. In the \$30,000 to \$50,000 class there were 104 stores with gross margin and operating expense ratios of 15.8 per cent and 15.4 per cent respectively. Larger stores with annual sales between \$50,000 and \$100,000 had average gross margin of 15.6 per cent and operating expenses of 14.6 per cent yielding a net profit of one per cent of sales.

Combination Stores

Combination stores operated on a total expense ratio of 16.8 per cent, payroll costs averaging 10.0 per cent and other expenses another 6.8 per cent of annual sales. The higher total expense ratio for combination stores compared with the 15.5 per cent previously recorded for stores of the purely grocery type may be largely attributed to higher payroll costs, a reflection of the higher wage rates paid to meat than to grocery clerks. Supplies cost 1.3 per cent of sales in combination stores, slightly higher than the 1.1 per cent recorded for grocery units while ratios for other items were markedly similar for the two lines of business. Advertising costs in combination stores averaged 0.4 per cent of sales and communication expenses amounted to another 0.3 per cent. Rental costs formed 1.8 per cent of sales for stores in leased premises. Taxes averaged 0.5 per cent of sales and varied from 0.7 per cent to 0.4 per cent for owned and rented premises. Insurance cost 0.3 per cent; light, heat and power, 0.6 per cent; repairs, 0.5 per cent; depreciation, 0.8 per cent; bad debts, 0.5 per cent; interest on borrowed money, 0.2 per cent and sundry expenses, 0.4 per cent.

Meat Markets

Higher payroll costs, greater expenditures for supplies, light, heat and power and more substantial depreciation charges resulting from greater equipment needs combine to produce a larger cost of transacting business in meat markets than in grocery or combination stores. Total operating expenses for the 272 meat markets reporting averaged 20.8 per cent of sales and were comprised of 4.0 per cent proprietors' salaries, 8.3 per cent employees' salaries and 8.5 per cent other expenses. Higher wage rates paid meat clerks are reflected in the 8.3 per cent ratio to sales for meat markets compared with 6.5 per cent and 5.2 per cent recorded for combination and grocery stores. Higher refrigeration charges, whether paid for ice or electrical power, are reflected in larger expenses for supplies and for light, heat and power which averaged 2.0 per cent of sales and 0.8 per cent of sales respectively for meat markets compared with considerably lower figures for grocery and combination stores. More extensive equipment requirements are reflected in higher depreciation charges which averaged 1.1 per cent of sales for meat markets compared with 0.7 per cent for grocery and 0.8 per cent for combination stores.

Expense ratios to sales for other items did not vary materially from those recorded for the other two lines of business in the food group. Advertising expenses formed 0.3 per cent of sales; communication, 0.3 per cent; rent, 2.1 per cent of sales for rented stores; taxes averaged 0.4 per cent ranging from 0.8 per cent to 0.3 per cent for owned and rented premises. Insurance charges cost 0.3 per cent of sales; repairs, 0.6 per cent; bad debts, 0.4 per cent; interest on borrowed money, 0.1 per cent and sundry expenses, 0.7 per cent.

Explanation of Terms

Gross Margin

Gross margin represents the difference between net sales and the cost of goods sold which amount is obtained by adjusting purchases of goods during the year for differences between year-end inventories. That is to say, cost of goods sold equals the value of inventory at the beginning of the year, increased by the value of goods purchased and decreased by the inventory at the end of the year. Value of purchases includes the invoice value of goods bought less any returns, allowances or discounts received from manufacturers or wholesalers. The cost of goods also includes duty and inward freight, express or truckage. Outward delivery costs and other store expenses are not included.

Payroll

Payroll includes salaries, wages and commissions paid to all full-time or part-time employees including amounts paid to members of proprietors' families who serve in the capacity of employees. It also includes an imputed value for the services of proprietors who devote the major portion of their time to the business in question.

Advertising

Included in this item are all amounts paid for various types of advertising, newspaper, handbill, radio, etc.

Supplies

The amount reported under this heading includes expenditures for all supplies used in connection with the business such as **wrapping** paper, bags, twine, office supplies and in addition supplies such as gas and oil for the firm's own delivery equipment.

Communication

Telephone, telegraph and postage were to be reported under this heading.

Taxes

All licenses and taxes including both property and business taxes but exclusive of Dominion income taxes were to be reported here.

Insurance

Amount of premiums paid for insurance of all types carried in connection with the business was to be reported: fire, theft, plate glass, insurance on delivery equipment, etc.

Rent

Only rentals paid for premises actually used in connection with the business were to be reported.

Heat, Light and Power

Water rates, if paid separately from taxes, were to be included here in addition to all amounts paid for fuel, light and power.

Bad Debt Losses

Each firm was asked to report the amount actually written off as bad debts during the year less bad debts written off in previous years and recovered in the year in question. In some instances amounts transferred to bad debt reserves may have been reported rather than the amount actually written off.

Repairs and Maintenance

This item includes amounts paid for repairs and maintenance to buildings, furniture, fixtures and store or delivery equipment. Labour costs coming through the store's own payroll were to be included in the payroll item and not in this category.

Interest

Only interest paid on borrowed money, bank, mortgage, etc., was to be reported. No allowance was made for interest on own capital investment.

Depreciation

Each firm was asked to report what it considered to be a fair charge for annual depreciation on owned buildings, furniture and store or delivery equipment. From two to five per cent is generally allowed on the cost or purchase price of buildings depending upon the type of construction. Five per cent of cost is frequently allowed on store furniture and fixtures and twenty per cent on the cost of delivery equipment.

Sundry Expenses

This includes all expenses not otherwise allocated. No separate provision was made for amounts paid outside agencies for delivery to purchasers. Such amounts would normally be assigned to the sundry expense item.

Stock-turn Rate

Rate of stock-turn was obtained by dividing the average of the year-end stock figures into the cost of goods sold. By this means the numerator and denominator in the ratio were brought to the same value basis. But no information is available to indicate the extent to which the average of the year-end figures may be representative of the average stock carried throughout the twelve-month period. Thus while the ratios shown in the tables may be used as a basis for comparisons with individual results, their accuracy as a measure of the number of times that stock was turned over during the year cannot be guaranteed.

Table 1.--Grocery Stores - Operating Results for Stores Classified According to Annual Sales Volume and Occupancy Basis, Canada, 1938

Item	AMOUNT OF ANNUAL SALES			
	All Stores, Total	Rented	Total	
	Owned			
Total	Owned	Rented	Total	Rented
GENERAL INFORMATION				
Number of Stores Reporting	170	270	156	63
Total Sales	4,522,324	8,394,300	2,389,579	958,639
Average Sales per Store	27,367	31,090	15,318	15,216
				93
				1,430,940
				15,386
PROFIT AND LOSS--(In percentages of sales)				
Gross Margin or Profit	16.0	15.4	16.3	15.9
			16.4	16.8
EXPENSES				
Proprietors' salaries	4.0	4.1	3.9	5.1
Employees' salaries and wages ..	5.2	5.2	5.1	4.1
Advertising	0.4	0.5	0.4	0.3
Supplies	1.1	1.0	1.1	1.0
Communication	0.3	0.3	0.3	0.4
Rent	1.2	-	1.9	1.6
Taxes	0.5	0.8	0.4	1.1
Insurance	0.3	0.4	0.2	0.4
Light, heat and power	0.5	0.6	0.5	0.8
Repairs	0.4	0.6	0.4	0.6
Depreciation	0.7	0.9	0.8	0.3
Bad debts	0.4	0.4	0.4	0.8
Interest on borrowed money	0.2	0.2	0.1	0.3
Sundry expense	0.3	0.3	0.3	0.2
Total Expense	15.5	15.3	15.6	15.8
			16.4	16.7
OTHER INFORMATION				
Net Profit or Loss	+0.5	+0.1	+0.7	+0.1
			-	+0.1
Stock Turnover (times per year) ...	9.9	9.6	10.1	7.9
			9.0	9.9

Table 1.--Grocery Stores - Operating Results for Stores Classified According to Annual Sales Volume and Occupancy Basis, Canada, 1938 (Cont.)

Item	AMOUNT OF ANNUAL SALES					
	\$20,000 - \$29,999			\$30,000 - \$49,999		
	Total	Owned	Rented	Total	Owned	Rented
GENERAL INFORMATION						
Number of Stores Reporting	127	55	72	104	38	66
Total Sales	\$3,124,434	1,365,955	1,758,479	3,944,127	1,416,799	2,527,328
Average Sales per Store	24,602	24,836	24,423	37,924	37,284	38,293
PROFIT AND LOSS--(In percentages of sales)						
Gross Margin or Profit	16.4	16.5	16.4	15.8	14.9	16.3
EXPENSES						
Proprietors' salaries	5.0	4.9	5.1	4.1	4.0	4.2
Employees' salaries and wages ..	4.5	5.2	4.0	5.2	5.4	5.2
Advertising	0.6	0.4	0.4	0.4	0.4	0.4
Supplies	1.1	1.1	1.1	1.1	1.1	1.1
Communication	0.3	0.4	0.3	0.3	0.2	0.3
Rent	1.2	-	2.1	1.1	-	1.8
Taxes	0.7	1.0	0.4	0.5	0.6	0.4
Insurance	0.3	0.4	0.2	0.3	0.4	0.2
Light, heat and power	0.5	0.6	0.5	0.5	0.5	0.4
Repairs	0.4	0.6	0.3	0.4	0.6	0.3
Depreciation	0.7	1.0	0.6	0.7	0.9	0.5
Bad debts	0.3	0.3	0.4	0.4	0.4	0.4
Interest on borrowed money	0.1	0.2	0.1	0.1	0.2	0.1
Sundry expense	0.3	0.2	0.3	0.3	0.2	0.3
Total Expense	16.0	16.3	15.8	15.4	14.9	15.6
Net Profit or Loss	+0.4	+0.2	+0.6	+0.4	-	+0.7
OTHER INFORMATION						
Stock Turnover (times per year) ...	9.0	9.2	8.8	11.4	11.2	11.5

Table 1.--Grocery Stores -- Operating Results for Stores Classified According to Annual Sales Volume and Occupancy Basis, Canada, 1938 (Cont.)

Item	AMOUNT OF ANNUAL SALES		
	Total	Owned	Rented
GENERAL INFORMATION			
Number of Stores Reporting	53	14	39
Total Sales	\$3,588,484	910,931	2,677,553
Average Sales per Store	67,707	65,067	68,655
PROFIT AND LOSS--(In percentages of sales)			
Gross Margin or Profit	15.6	14.1	16.1
Expenses			
Proprietors' salaries	2.3	2.3	2.3
Employees' salaries and wages	6.4	6.2	6.5
Advertising	0.6	0.8	0.6
Supplies	1.0	0.8	1.1
Communication	0.2	0.3	0.2
Rent	1.1	-	1.5
Taxes	0.3	0.5	0.2
Insurance	0.3	0.3	0.2
Light, heat and power	0.4	0.4	0.3
Repairs	0.5	0.4	0.5
Depreciation	0.6	0.7	0.6
Bad debts	0.3	0.4	0.3
Interest on borrowed money	0.2	0.2	0.1
Sundry expense	0.4	0.8	0.3
Total Expense	14.6	14.1	14.7
Net Profit or Loss	+1.0	-	+1.4
OTHER INFORMATION			
Stock Turnover (times per year)	10.0	9.9	10.0

Table 2.--Grocery Stores - Operating Results for Stores Classified According to Annual Sales Volume and Profit or Loss, Canada, 1938

Item	AMOUNT OF ANNUAL SALES							
	Total	All Stores, Total Profitable	Unprofitable	Total	Profitable	Unprofitable		
							\$10,000 - \$19,999	
GENERAL INFORMATION								
Number of Stores Reporting	140	240	200	156	73			83
Total Sales	\$13,046,624	7,724,745	5,321,879	2,389,579	1,158,442			1,231,137
Average Sales per Store	29,551	32,186	26,609	15,318	15,869			14,833
PROFIT AND LOSS--(In percentages of sales)								
Gross Margin or Profit	16.0	16.8	14.8	16.4	18.0			15.0
Expenses								
Proprietors' salaries	4.0	3.9	4.2	5.1	5.0			5.1
Employees' salaries and wages	5.2	4.7	5.8	4.0	3.1			4.8
Advertising	0.4	0.4	0.5	0.3	0.3			0.3
Supplies	1.1	1.1	1.1	1.0	1.0			1.0
Communication	0.3	0.3	0.3	0.4	0.4			0.5
Rent	1.2	1.1	1.4	1.6	1.4			1.8
Taxes	0.5	0.4	0.7	0.8	0.6			0.9
Insurance	0.3	0.3	0.3	0.3	0.3			0.4
Light, heat and power	0.5	0.4	0.6	0.9	0.7			1.0
Repairs	0.4	0.4	0.5	0.4	0.4			0.5
Depreciation	0.7	0.6	0.7	0.8	0.7			0.9
Total occupancy costs(1)	3.6	3.2	4.2	4.8	4.1			5.5
Bad debts	0.4	0.3	0.4	0.4	0.3			0.5
Interest	0.2	0.1	0.2	0.2	0.1			0.2
Sundry expense	0.3	0.3	0.4	0.2	0.1			0.3
Total Expense	15.5	14.3	17.1	16.4	14.4			18.2
OTHER INFORMATION								
Net Profit or Loss	+0.5	+2.5	-2.3	-	+3.6			-3.2
OTHER INFORMATION								
Stock Turnover (times per year)	9.9	10.4	9.2	9.0	9.5			8.5
(1) Sum of six preceding items including some expenses not strictly applicable to occupancy costs: e.g.: business taxes.								

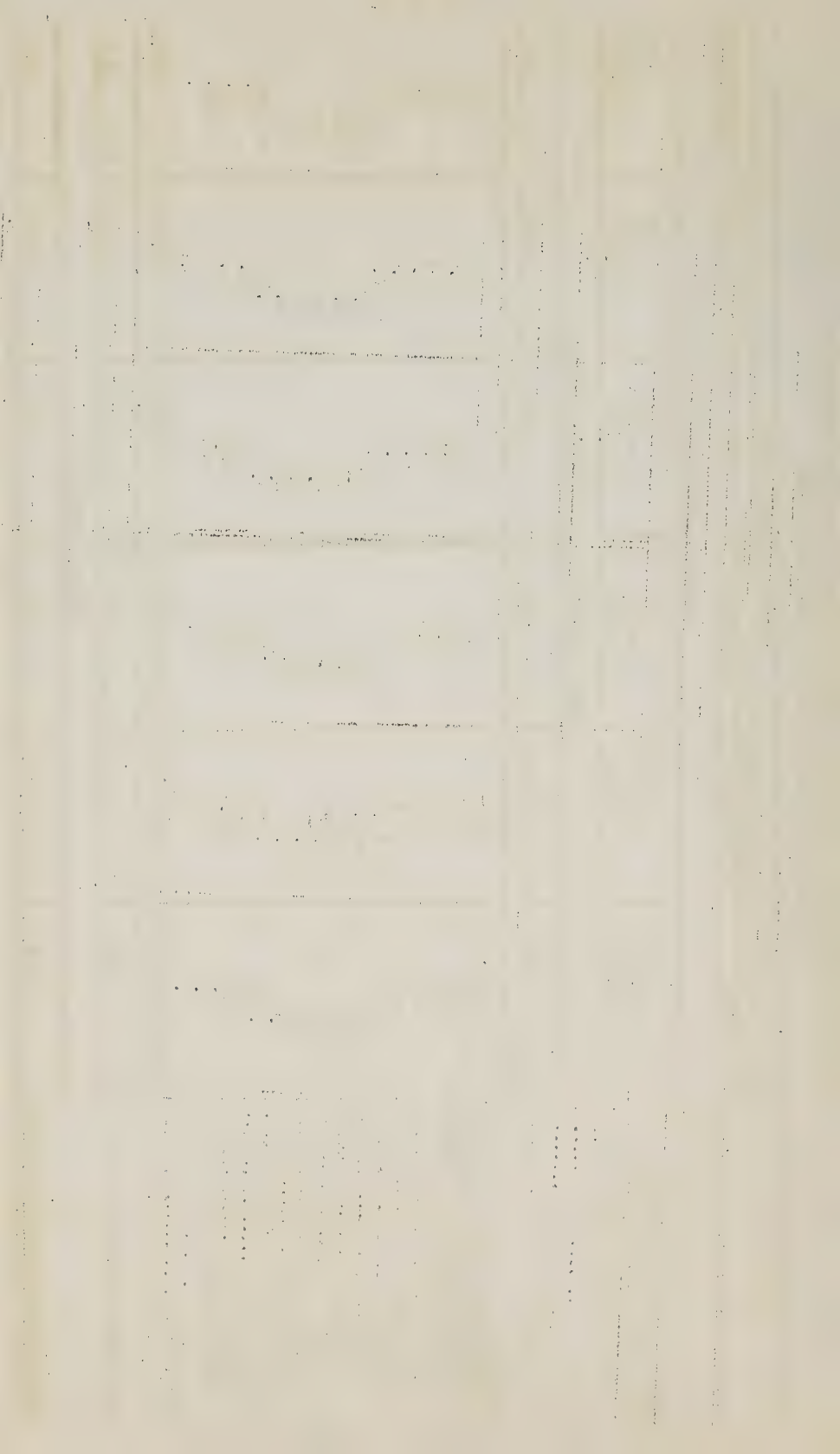


Table 2.--Grocery Stores - Operating Results for Stores Classified According to Annual Sales Volume and Profit or Loss, Canada, 1938 (Cont.)

Item	AMOUNT OF ANNUAL SALES					
	\$20,000 - \$29,999		\$30,000 - \$49,999		Unprofitable	Unprofitable
Total	Profitable	Unprofitable	Total	Profitable		
GENERAL INFORMATION						
Number of Stores Reporting	127	70	57	104	60	44
Total Sales	\$3,124,434	1,705,060	1,419,374	3,944,127	2,269,062	1,675,065
Average Sales per Store	24,602	24,358	24,901	37,924	37,818	38,070
PROFIT AND LOSS--(In percentages of sales)						
Gross Margin or Profit	16.4	18.1	14.5	15.8	16.7	14.6
Expenses						
Proprietors' salaries	5.0	5.0	5.0	4.1	4.1	4.2
Employees' salaries and wages	4.5	4.2	4.9	5.2	4.9	5.7
Advertising	0.6	0.3	0.4	0.4	0.4	0.5
Supplies	1.1	1.1	1.1	1.1	1.1	1.1
Communication	0.3	0.4	0.3	0.3	0.3	0.2
Rent	1.2	1.3	1.1	1.1	1.0	1.4
Taxes	0.7	0.5	0.8	0.5	0.5	0.5
Insurance	0.3	0.3	0.3	0.3	0.2	0.3
Light, heat and power	0.5	0.5	0.6	0.5	0.4	0.5
Repairs	0.4	0.4	0.6	0.4	0.4	0.4
Depreciation	0.7	0.8	0.7	0.7	0.6	0.8
Total occupancy costs(1)	3.8	3.8	4.1	3.5	3.1	3.9
Bad debts	0.3	0.3	0.4	0.4	0.4	0.3
Interest	0.1	0.2	0.1	0.1	0.1	0.2
Sundry expense	0.3	0.2	0.3	0.3	0.2	0.3
Total Expense	16.0	15.5	16.6	15.4	14.6	16.4
Net Profit or Loss	+0.4	+2.6	-2.1	+0.4	+2.1	-1.8
OTHER INFORMATION						
Stock Turnover (times per year)	9.0	9.7	8.3	11.4	11.2	11.6
(1) Sum of six preceding items including some expenses not strictly applicable to occupancy costs: e.g.: business taxes.						

(1) Sum of six preceding items including some expenses not strictly applicable to occupancy costs: e.g.: business taxes.

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Stock Turnover (times per year)	10.0	10.7	8.4
(1) Sum of six preceding items including some expenses not strictly applicable to occupancy costs: e.g.: business taxes.			

Table 3.---Combination Stores - Operating Results for Stores Classified According to Annual Sales Volume and Occupancy Basis, Canada, 1938

Item	AMOUNT OF ANNUAL SALES				
	All Stores, Total		\$10,000 - \$19,999		
	Total	Owned	Rented	Total	Rented
GENERAL INFORMATION					
Number of Stores Reporting	400	165	235	91	36
Total Sales	\$14,250,280	6,281,183	7,969,097	1,421,199	567,763
Average Sales per Store	35,626	38,068	33,911	15,626	15,532
PROFIT AND LOSS---(In percentages of sales)					
Gross Margin or Profit	17.4	16.9	17.7	18.2	16.5
Expenses					
Proprietors' salaries	3.5	3.3	3.6	4.7	4.7
Employees' salaries	6.5	6.7	6.4	4.6	4.5
Advertising	0.4	0.4	0.3	0.3	0.3
Supplies	1.3	1.3	1.3	1.4	1.2
Communication	0.3	0.3	0.3	0.4	0.4
Rent	1.0	-	1.8	1.7	-
Taxes	0.5	0.7	0.4	0.7	1.1
Insurance	0.3	0.4	0.2	0.3	0.5
Light, heat and power	0.6	0.7	0.6	0.9	1.1
Repairs	0.5	0.7	0.4	0.5	0.4
Depreciation	0.8	0.9	0.7	1.0	1.2
Bad debts	0.5	0.5	0.4	0.5	0.6
Interest on borrowed money	0.2	0.3	0.1	0.1	0.2
Sundry expense	0.4	0.4	0.4	0.3	0.1
Total Expense	16.8	16.6	16.9	17.4	16.4
OTHER INFORMATION					
Net Profit or Loss	+0.6	+0.3	+0.8	+0.8	+0.1
Stock Turnover (times per year) ..	13.0	12.1	13.7	12.9	11.2
					14.3

Table 3.--Combination Stores - Operating Results for Stores Classified According to Annual Sales Volume and Occupancy Basis, Canada, 1938 (Cont.)

Item	AMOUNT OF ANNUAL SALES				
	Total	Owned	Rented	Total	Rented
		\$20,000 - \$29,999		\$30,000 - \$49,999	
GENERAL INFORMATION					
Number of Stores Reporting	109	44	65	116	41
Total Sales	2,681,931	1,099,878	1,582,053	4,540,374	1,604,455
Average Sales per Store	24,605	24,997	24,339	39,141	39,133
					75
					2,935,919
					39,146
PROFIT AND LOSS--(In percentages of Sales)					
Gross Margin or Profit	18.6	18.0	19.0	17.4	17.7
					17.2
EXPENSES					
Proprietors' salaries	4.8	4.7	4.8	3.7	3.9
Employees' salaries and wages ..	6.0	5.9	6.1	6.3	6.4
Advertising	0.3	0.3	0.4	0.4	0.4
Supplies	1.3	1.2	1.4	1.3	1.3
Communication	0.3	0.3	0.3	0.3	0.3
Rent	1.3	-	2.2	1.1	-
Taxes	0.6	0.7	0.6	0.4	0.7
Insurance	0.3	0.4	0.3	0.2	0.3
Light, heat and power	0.8	0.7	0.7	0.6	0.5
Repairs	0.6	0.9	0.4	0.5	0.6
Depreciation	0.9	1.0	0.8	0.9	1.1
Bad debts	0.6	0.6	0.6	0.4	0.5
Interest on borrowed money	0.2	0.2	0.1	0.2	0.3
Sundry expense	0.4	0.5	0.3	0.3	0.4
Total Expense	18.4	17.4	19.0	16.6	16.8
					16.4
OTHER INFORMATION					
Net Profit or Loss	+0.2	+0.6	-	+0.8	+0.9
					+0.8
Stock Turnover (times per year) ..	13.6	12.6	14.5	12.6	12.0
					13.0

Table 3.--Combination Stores - Operating Results for Stores Classified According to Annual Sales Volume and Occupancy Basis, Canada, 1936 (Cont.)

Item	AMOUNT OF ANNUAL SALES		
	Total	Owned	Rented
GENERAL INFORMATION			
Number of Stores Reporting	84	44	40
Total Sales	\$5,605,976	3,009,087	2,596,889
Average Sales per Store	66,738	68,388	64,922
PROFIT AND LOSS--(In percentages of sales)			
Gross Margin or Profit	16.6	16.2	17.0
Expenses			
Proprietors' salaries	2.4	2.3	2.4
Employees' salaries and wages ..	7.5	7.6	7.3
Advertising	0.4	0.4	0.3
Supplies	1.3	1.4	1.2
Communication	0.3	0.2	0.2
Rent	0.6	-	1.4
Taxes	0.5	0.7	0.4
Insurance	0.3	0.4	0.2
Light, heat and power	0.5	0.6	0.4
Repairs	0.5	0.6	0.4
Depreciation	0.7	0.8	0.7
Bad debts	0.4	0.5	0.4
Interest on borrowed money	0.2	0.3	0.1
Sundry expense	0.5	0.5	0.4
Total Expense	16.1	16.3	15.8
OTHER INFORMATION			
Net Profit or Loss	+0.5	-0.1	+1.2
Stock Turnover (times per year) ..	13.0	12.2	14.0

Table 4.---Combination Stores - Operating Results for Stores Classified According to Annual Sales Volume and Profit or Loss, Canada, 1938

Item	AMOUNT OF ANNUAL SALES					
	All Stores, Total			\$10,000 - \$19,999		
	Total	Profitable	Unprofitable	Total	Profitable	Unprofitable
GENERAL INFORMATION						
Number of Stores Reporting	400	226	174	91	46	45
Total Sales	\$14,250,280	8,257,542	5,992,738	1,421,999	728,219	693,780
Average Sales per Store	35,626	36,538	34,441	15,626	15,831	15,417
PROFIT AND LOSS--(In percentages of sales)						
Gross Margin or Profit	17.4	18.8	15.4	18.2	20.3	16.0
Expenses						
Proprietors' salaries	3.5	3.5	3.5	4.7	4.6	4.7
Employees' salaries	6.5	6.1	7.2	4.6	3.9	5.3
Advertising	0.4	0.4	0.4	0.3	0.2	0.4
Supplies	1.3	1.3	1.3	1.4	1.6	1.2
Communication	0.3	0.3	0.3	0.4	0.4	0.4
Rent	1.0	0.9	1.1	1.7	1.7	1.7
Taxes	0.5	0.5	0.6	0.7	0.6	0.8
Insurance	0.3	0.3	0.3	0.3	0.3	0.3
Light, heat and power	0.6	0.6	0.7	0.9	0.7	1.1
Repairs	0.5	0.5	0.6	0.5	0.5	0.5
Depreciation	0.8	0.8	0.8	1.0	0.8	1.1
Total occupancy costs(1)	3.7	3.6	4.1	5.1	4.6	5.5
Bad debts	0.5	0.4	0.5	0.5	0.5	0.6
Interest on borrowed money	0.2	0.1	0.2	0.1	0.1	0.2
Sundry expense	0.4	0.3	0.4	0.3	0.3	0.4
Total Expense	16.8	16.0	17.9	17.4	16.2	18.7
OTHER INFORMATION						
Net Profit or Loss	+0.6	+2.8	-2.5	+0.8	+4.1	-2.7
Stock Turnover (times per year) ..	13.0	13.3	12.6	12.9	11.9	14.0

(1) Sum of six preceding items including some expenses not strictly applicable to occupancy costs: e.g.: business taxes.

Table 1.-Combination Stores - Operating Results for Stores Classified According to Annual Sales Volume and Profit or Loss, Canada, 1938 (Cont.)

Item	AMOUNT OF ANNUAL SALES					
	\$20,000 - \$29,999		\$30,000 - \$49,999		Unprofitable	Unprofitable
Total	Profitable	Unprofitable	Total	Profitable		
	109	58	51	116	71	45
Number of Stores Reporting						
Total Sales	\$2,681,931	1,435,654	1,246,277	4,540,374	2,776,147	1,764,227
Average Sales per Store	24,605	24,753	24,437	39,141	39,101	39,295
GENERAL INFORMATION						
PROFIT AND LOSS--(In Percentages of Sales)						
Gross Margin or Profit	18.6	22.4	16.5	17.4	18.5	15.6
Expenses						
Proprietors' salaries	4.8	4.7	4.8	3.7	3.8	3.6
Employees' salaries	6.0	5.6	6.5	6.3	5.8	7.2
Advertising	0.3	0.4	0.3	0.4	0.4	0.4
Supplies	1.3	1.2	1.4	1.3	1.3	1.3
Communication	0.3	0.3	0.3	0.3	0.3	0.3
Rent	1.3	1.1	1.5	1.1	1.0	1.2
Taxes	0.6	0.6	0.7	0.4	0.4	0.5
Insurance	0.3	0.3	0.4	0.2	0.2	0.2
Light, heat and power	0.8	0.7	0.8	0.6	0.5	0.6
Repairs	0.6	0.5	0.7	0.5	0.4	0.5
Depreciation	0.9	0.9	0.9	0.9	0.9	0.8
Total occupancy costs(1)	4.5	4.1	5.0	3.7	3.4	3.8
Bad debts	0.6	0.5	0.7	0.4	0.4	0.5
Interest on borrowed money	0.2	0.1	0.2	0.2	0.2	0.2
Sundry expense	0.4	0.3	0.5	0.3	0.4	0.2
Total Expense	18.4	17.2	19.7	16.6	16.0	17.5
Net Profit or Loss	+0.2	+3.2	-3.2	+0.8	+2.5	-1.9
OTHER INFORMATION						
Stock Turnover (times per year)	13.6	13.2	14.2	12.6	13.4	11.6
1) Sum of six preceding items including some expenses not strictly applicable to occupancy costs: e.g.: business taxes						

(1) Sum of six preceding items including some expenses not strictly applicable to occupancy costs: e.g.: business taxes.

Item	AMOUNT OF ANNUAL SALES		
	Total	Profitable	Unprofitable
GENERAL INFORMATION			
Number of Stores Reporting	84	51	33
Total Sales	\$5,605,976	3,317,522	2,288,454
Average Sales per Store	66,738	65,049	69,347
PROFIT AND LOSS--(In percentages of sales)			
Gross Margin or Profit	16.6	18.0	14.5
Expenses			
Proprietors' salaries	2.4	2.5	2.2
Employees' salaries	7.5	7.0	8.2
Advertising	0.4	0.4	0.3
Supplies	1.3	1.3	1.3
Communication	0.3	0.2	0.2
Rent	0.6	0.6	0.6
Taxes	0.5	0.5	0.5
Insurance	0.3	0.3	0.4
Light, heat and power	0.5	0.5	0.6
Repairs	0.5	0.5	0.5
Depreciation	0.7	0.7	0.7
Total occupancy costs(1)	3.1	3.1	3.3
Bad debts	0.4	0.4	0.5
Interest on borrowed money	0.2	0.2	0.3
Sundry expense	0.5	0.4	0.6
Total Expense	16.1	15.5	16.9
Net Profit or Loss	+0.5	+2.5	-2.4
OTHER INFORMATION			
Stock Turnover (times per year)	13.0	13.6	12.2
(1) Sum of six preceding items including some expenses not strictly applicable to occupancy costs: e.g.: business taxes.			

Table 5.--Heat Markets - Operating Results for Stores Classified According to Annual Sales Volume and Occupancy Basis, Canada, 1938

Item	AMOUNT OF ANNUAL SALES					
	All Stores, Total			\$10,000 - \$19,999		
	Total	Owned	Rented	Total	Owned	Rented
Number of Stores Reporting	272	80	192	104	25	79
Total Sales	\$7,891,381	2,240,891	5,650,490	1,627,087	411,046	1,216,041
Average Sales per Store	29,012	28,011	29,430	15,645	16,442	15,393
GENERAL INFORMATION						
PROFIT AND LOSS--(In percentages of sales)						
Gross Margin or Profit	22.4	22.5	22.4	23.4	23.2	23.5
Expenses						
Proprietors' salaries	4.0	4.2	3.9	5.3	5.1	5.4
Employees' salaries	8.3	8.8	8.1	6.3	7.3	5.9
Advertising	0.3	0.2	0.3	0.2	0.2	0.2
Supplies	2.0	2.1	2.0	2.0	2.0	2.1
Communication	0.3	0.3	0.3	0.5	0.5	0.5
Rent	1.5	-	2.1	2.1	-	2.8
Taxes	0.4	0.8	0.3	0.5	1.0	0.4
Insurance	0.3	0.4	0.3	0.3	0.5	0.2
Light, heat and power	0.8	1.0	0.7	1.0	1.1	0.9
Repairs	0.6	0.6	0.5	0.7	0.9	0.7
Depreciation	1.1	1.4	0.9	1.1	1.3	1.0
Bad debts	0.4	0.3	0.4	0.3	0.4	0.2
Interest on borrowed money	0.1	0.2	0.1	0.2	0.4	0.1
Sundry expense	0.7	0.8	0.7	0.3	0.3	0.3
Total Expense	20.8	21.1	20.6	20.8	21.0	20.7
Net Profit or Loss	+1.6	+1.4	+1.8	+2.6	+2.2	+2.8
OTHER INFORMATION						
Stock Turnover (times per year) ..	31.0	27.1	32.8	34.4	28.3	37.1

Table 5.--Heat Markets - Operating Results for Stores Classified According to Annual Sales Volume and Occupancy Basis, Canada, 1938 (Cont.)

Item	AMOUNT OF ANNUAL SALES				
	Total	\$20,000 - \$29,999	Rented	Total	\$30,000 - \$49,999
		Owned			Owned
					Rented
GENERAL INFORMATION					
Number of Stores Reporting	73	24	49	60	23
Total Sales	\$1,734,741	554,779	1,179,962	2,205,237	830,322
Average Sales per Store	23,764	23,116	24,081	36,754	36,101
					37
					1,374,915
					37,160
PROFIT AND LOSS--(In percentages of sales)					
Gross Margin or Profit	23.0	23.2	22.9	22.6	22.3
					22.8
EXPENSES					
Proprietors' salaries	5.0	5.0	5.1	4.0	4.1
Employees' salaries and wages ..	8.2	8.8	7.9	8.3	8.4
Advertising	0.2	0.2	0.3	0.3	0.2
Supplies	2.2	2.2	2.1	2.0	2.0
Communication	0.3	0.3	0.3	0.3	0.2
Rent	1.5	0.3	2.2	1.4	-
Taxes	0.5	0.9	0.3	0.5	0.7
Insurance	0.3	0.4	0.2	0.3	0.3
Light, heat and power	0.9	1.2	0.7	0.7	0.7
Repairs	0.4	0.5	0.4	0.5	0.5
Depreciation	1.1	1.4	1.0	1.1	1.3
Bad debts	0.3	0.3	0.3	0.4	0.3
Interest on borrowed money	0.1	0.2	0.1	0.1	0.2
Sundry expense	0.6	0.5	0.6	1.0	1.3
					0.8
Total Expense	21.6	21.9	21.5	20.9	20.2
					21.4
OTHER INFORMATION					
Net Profit or Loss	+1.4	+1.3	+1.4	+1.7	+2.1
					+1.4
Stock Turnover (times per year) ..	35.2	21.6	49.8	28.4	31.8
					26.7

Table 5.--Meat Markets - Operating Results for Stores Classified According to
Annual Sales Volume and Occupancy Basis, Canada, 1938 (Cont.)

Item	AMOUNT OF ANNUAL SALES		
	\$50,000 - \$100,000		
	Total	Owned	Rented
GENERAL INFORMATION			
Number of Stores Reporting	35	8	27
Total Sales	\$2,324,316	444,744	1,879,572
Average Sales per Store	66,409	55,593	69,614
PROFIT AND LOSS--(In percentages of sales)			
Gross Margin or Profit	21.1	21.3	21.1
Expenses			
Proprietors' salaries	2.1	2.5	2.1
Employees' salaries and wages ..	9.6	10.7	9.4
Advertising	0.5	0.3	0.5
Supplies	2.0	2.5	1.8
Communication	0.3	0.3	0.3
Rent	1.2	-	1.5
Taxes	0.3	0.6	0.2
Insurance	0.4	0.6	0.3
Light, heat and power	0.7	1.2	0.6
Repairs	0.6	0.6	0.6
Depreciation	0.9	1.4	0.8
Bad debts	0.4	0.4	0.4
Interest on borrowed money	0.1	0.2	0.1
Sundry expense	0.8	0.9	0.8
Total Expense	19.9	22.2	19.4
Net Profit or Loss	+1.2	-0.9	+1.7
OTHER INFORMATION			
Stock Turnover (times per year) ..	28.9	27.0	29.4

Table 6.--Meat Markets - Operating Results for Stores Classified According to Annual Sales Volume and Profit or Loss, Canada, 1938

Item	AMOUNT OF ANNUAL SALES				
	All Stores, Total		\$10,000 - \$19,999		
	Total	Profitable	Unprofitable	Total	Profitable
GENERAL INFORMATION					
Number of Stores Reporting	272	171	101	104	69
Total Sales	\$7,891,381	5,026,441	2,864,940	1,627,087	1,090,963
Average Sales per Store	29,012	29,394	28,366	15,645	15,811
Unprofitable					
					536,124
					15,318
PROFIT AND LOSS--(In percentages of sales)					
Gross Margin or Profit	22.4	23.8	20.0	23.4	25.6
19.0					
Expenses					
Proprietors' salaries	4.0	4.0	3.9	5.3	5.3
Employees' salaries and wages ..	8.3	7.5	9.6	6.3	5.5
Advertising	0.3	0.3	0.3	0.2	0.2
Supplies	2.0	2.0	2.2	2.0	2.0
Communication	0.3	0.3	0.3	0.5	0.5
Rent	1.5	1.4	1.7	2.1	1.8
Taxes	0.4	0.5	0.4	0.5	0.6
Insurance	0.3	0.3	0.3	0.3	0.3
Light, heat and power	0.8	0.8	0.9	1.0	1.1
Repairs	0.6	0.6	0.5	0.7	0.8
Depreciation	1.1	1.1	1.0	1.1	1.2
Total occupancy costs(1)	4.7	4.7	4.8	5.7	5.8
Bad debts	0.4	0.3	0.4	0.3	0.2
Interest on borrowed money	0.1	0.1	0.1	0.2	0.2
Sundry expense	0.7	0.7	0.7	0.3	0.3
Total Expense	20.8	19.9	22.3	20.8	20.0
22.3					
22.3					
OTHER INFORMATION					
Net Profit or Loss	+1.6	+3.9	-2.3	+2.6	+5.6
-3.3					
Stock Turnover (times per year) ...					
(1) Sum of six preceding items including some expenses not strictly applicable to occupancy costs: e.g.: business taxes.	31.0	28.3	36.7	34.4	33.3
					36.7

Table 6.--Meat Markets - Operating Results for Stores Classified According to Annual Sales Volume and Profit or Loss, Canada, 1938 (Cont.)

Item	AMOUNT OF ANNUAL SALES				
	\$20,000 - \$29,999		\$30,000 - \$49,999		
	Total	Profitable	Unprofitable	Total	Unprofitable
GENERAL INFORMATION					
Number of Stores Reporting	73	44	29	60	34
Total Sales	\$1,734,741	1,019,217	715,524	2,205,237	1,288,817
Average Sales per Store	23,764	23,164	24,673	36,754	37,906
PROFIT AND LOSS--(In percentages of sales)					
Gross Margin or Profit	23.0	25.1	19.9	22.6	24.4
EXPENSES					
Proprietors' salaries	5.0	5.3	4.7	4.0	4.2
Employees' salaries and wages	8.2	7.2	9.5	8.3	7.8
Advertising	0.2	0.3	0.2	0.3	0.3
Supplies	2.2	2.3	2.0	2.0	1.9
Communication	0.3	0.3	0.3	0.3	0.3
Rent	1.5	1.4	1.6	1.4	1.1
Taxes	0.5	0.5	0.5	0.5	0.5
Insurance	0.3	0.3	0.2	0.3	0.3
Light, heat and power	0.9	0.9	0.9	0.7	0.6
Repairs	0.4	0.5	0.4	0.5	0.6
Depreciation	1.1	1.1	1.2	1.1	1.2
Total occupancy costs(1)	4.7	4.7	4.8	4.5	4.3
Bad debts	0.3	0.3	0.3	0.4	0.4
Interest on borrowed money	0.1	0.1	0.1	0.1	-
Sundry expense	0.6	0.5	0.7	1.0	0.9
Total Expense	21.6	21.0	22.6	20.9	20.1
Net Profit or Loss	+1.4	+4.1	-2.7	+1.7	+4.3
OTHER INFORMATION					
Stock Turnover (times per year)	35.2	31.3	42.3	28.4	23.8
(1) Sum of six preceding items including some expenses not strictly applicable to occupancy costs: e.g.: business taxes.					

Item	AMOUNT OF ANNUAL SALES		
	Total	Profitable	Unprofitable
GENERAL INFORMATION			
Number of Stores Reporting	35	24	11
Total Sales	\$2,324,316	1,627,444	696,872
Average Sales per Store	66,409	67,810	63,352
PROFIT AND LOSS--(In percentages of sales)			
Gross Margin or Profit	21.1	21.3	20.8
Expenses			
Proprietors' salaries	2.1	2.2	2.0
Employees' salaries and wages ..	9.6	8.8	11.6
Advertising	0.5	0.5	0.4
Supplies	2.0	1.8	2.3
Communication	0.3	0.3	0.3
Rent	1.2	1.2	1.2
Taxes	0.3	0.3	0.3
Insurance	0.4	0.3	0.5
Light, heat and power	0.7	0.6	1.1
Repairs	0.6	0.6	0.6
Depreciation	0.9	0.9	0.8
Total occupancy costs(1)	4.1	3.9	4.5
Bad debts	0.4	0.3	0.6
Interest on borrowed money	0.1	0.1	0.1
Sundry expense	0.8	1.0	0.5
Total Expense	19.9	18.9	22.3
Net Profit or Loss	+1.2	+2.4	-1.5
OTHER INFORMATION			
Stock Turnover (times per year) ..	28.9	28.1	30.7

(1) Sum of six preceding items including some expenses not strictly applicable to occupancy costs; e.g.: business taxes.

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CANADA
DOMINION BUREAU OF STATISTICS
MERCHANDISING AND SERVICES BRANCH

OPERATING RESULTS OF UNINCORPORATED RETAIL STORES

1944

Bulletin No. 2

INDEPENDENT GROCERY STORES [Without Fresh Meats]
INDEPENDENT COMBINATION STORES [Groceries and Meats]
INDEPENDENT MEAT MARKET STORES
INDEPENDENT FRUIT & VEGETABLE STORES
INDEPENDENT CONFECTIONERY STORES

Including

Purpose, Importance, Explanation of Use, Summary of Results,
and
Statistical Tables



OTTAWA
1946

Price 25 cents

FOREWORD

For some time the Bureau has recognized the practical value of published information on average operating results, that is, on average rates of expenses and profits, etc., in the principal retail trades. Indeed the first studies of this nature were made for the year 1938, and since then an increasing demand for such information has been experienced by this Bureau. It is in response to this demand that the present series of reports is now being issued.

Concerned mainly with average expense and profit percentages, comprehensive information on the operating results of retail stores deals with many of the significant factors which eventually determine their success or failure. Such information therefore represents the results which many retailers have obtained in meeting the problems that are common to their particular kind of business. Statistics of this nature, moreover, have the practical value of enabling individual merchants to compare their own rates of expenses and profits with the results of similar stores in their trade, from which they can isolate for further analysis the areas in which their performance has been below average. The resulting opportunities for improving the efficiency in retail store managements may well be of some importance in peacetime as Canadian retailers under more competitive conditions endeavour to distribute the products of an expanded industrial economy. These considerations and possibilities have been set forth under the heading "Importance of Information on Operating Results in Retail Trade" commencing on page 2 of these reports. A separate discussion beginning on page 8 under the topic "How the Retailer Can Use Information on Operating Results" has also been included as a possible guide to retailers using the bulletins.

It must be emphasized here, however, that the statistics presented in these reports are subject to important limitations in respect to their coverage and representativeness. This is because the figures are based, not upon a comprehensive survey of large numbers of co-operating stores, but rather upon comparatively small sample numbers of such firms. These samples, of course, should be large enough to permit the different influences affecting operating results to average themselves out and thus present the more typical operating experiences of stores in the different size and occupancy classifications of stores. For many kinds of stores, unfortunately, the number of usable returns when distributed between these classifications may be too small to permit any special or erratic conditions completely to iron or cancel themselves out. These aspects of the reports are discussed more fully under the heading "Limitations to Information on Operating Results" on page 6 of the bulletins, and to some extent under "How the Retailer Can Use Information on Operating Results" on page 8, to both of which the reader is referred. It should therefore be noted that the present studies are tentative in nature and must await the results of subsequent surveys for conclusive evidence as to the validity of many of the statistics herein presented.

In spite of the preliminary nature of the statistics, however, these reports are being issued in the belief that they will at least reveal the future scope for such studies and may well provide some useful, although perhaps rough, indications of the operating experiences of the retail trades under review. The bulletins have been prepared in the Merchandising and Services Branch of the Bureau, of which Mr. A.C. Steedman, B.A., is Chief, by Mr. A.M. Chipman, M.B.A., Statistician in the Branch. The suggestions of those obtaining and using these reports will be most welcome to the end that better and more useful studies can be made in future.

Herbert Marshall

H. Marshall,
Dominion Statistician.

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DEPARTMENT OF TRADE AND COMMERCE
DOMINION BUREAU OF STATISTICS
MERCHANDISING AND SERVICES BRANCH
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OPERATING RESULTS OF INDEPENDENT RETAIL STORES, 1944.

PART I - GENERAL SECTION

This report is one of a series presenting average operating results in selected branches of retail trade for 1944 and, where possible, for both 1941 and 1944. The first series of such studies was made by the Bureau for the year 1938 and presented somewhat similar information on average operating expenses and profits against which individual firms could compare their own results. Since that time requests have been received on an expanding scale for corresponding types of reports, a fact which indicates the growing interest of merchants and others in information on costs in retail trade. It is in response to this demand that these reports are now being issued.

The basic information for such studies was obtained primarily for the purpose of improving the Bureau's estimates of the country's National Income which originated in unincorporated and independent retail stores. Such establishments predominate to a marked extent in retail trade, comprising 90 per cent of all 137,331 stores enumerated in the 1941 Census, accounting for 55 per cent of total sales of \$3,440,901,700, and providing a livelihood for nearly 132,000 proprietors and partners. The net earnings of these proprietors and partners thus represent an important contribution to the National Income totals. Aggregate figures on these net earnings, however, are not readily available to the Bureau from other sources and for this reason it was decided early in 1945 to obtain the required information by a direct survey of sample groups of retail stores.

Accurate and comprehensive figures on the National Income are now regarded as one of the best measures of the purchasing power and economic activity of the country. These statistics, consequently, are highly important as aids to both governments and business in the determination of their plans and policies, and particularly so in relation to the problem of maintaining high levels of employment within the country. Periodic surveys of retail trade will therefore be made to obtain the information necessary to estimate accurately the total net earnings of unincorporated retail stores for inclusion in the National Income statistics.

In carrying out this task it is hoped that information on average operating results will be made available to retailers in even greater detail than has been found possible in the recent survey. Thus, the co-operation of retailers in supplying information on their own operating experiences has two beneficial

results. In the first instance, it enhances the accuracy of the Bureau's estimates of the National Income and the soundness of the governmental and business policies which are based on such figures. Secondly, the co-operation of retailers in these surveys provides them with yardsticks of performance against which they can compare their own financial results.

The figures which co-operating retailers supply to the Bureau on their costs, expenses and profits are quite obviously highly confidential in nature. They are so regarded by the Bureau and are used only for the two purposes just outlined with no disclosures of the results of individual operations being made.

Information Contained in Reports on Retail Operating Results.

The information presented in this and subsequent bulletins consists primarily of the financial results which the different kinds of co-operating stores obtained in the year under review. The information consequently covers such individual items as net sales, purchases of merchandise for resale and beginning and ending merchandise inventories, cost of goods sold, gross trading profits after costs of merchandise sold have been deducted from sales, the several categories of operating expenses incurred during the period and finally the net earnings available to proprietors after all costs and expenses have been subtracted from sales. In other words, the information here under study consists of the more important financial items usually found in the typical retail Profit and Loss Statement.

There are of course many general factors which commonly affect the financial results of retail stores. Three of the more important of these consist of the kind of business, that is whether the store is a grocery, an apparel, a furniture store, etc., the amount of annual sales made by the store, and the basis of occupancy, that is whether the store is owned or rented. The reports of the co-operating retail stores were therefore classified by kind of business and within the kind of business categories into groups according to the amount of sales made. These groups were again divided by method of occupancy into "owned" and "rented" categories. The figures were then compiled for each of the individual groups and reduced to the form shown in the tables of this report. Thus gross trading profits, the several expense items and proprietors' net earnings before income taxes and withdrawals appear as percentages of sales while stock turnover appears as a ratio indicating the number of times the average inventories were turned over during the year.

These ratios are therefore averages of the operating results which the different groups of unincorporated stores actually obtained. As such, these averages are at least indicators of rates of gross trading profits, of expenses and net earnings which similar stores may have experienced in the period under review.

Importance of Information on Operating Results in Retail Trade.

The critical value of information on operating results for use in computing the net earnings contributed by unincorporated retail stores to the highly important National Income estimates has already been pointed out. Indeed, the net earnings of individually operated stores add to really sizable contributions, being estimated at nearly \$150,000,000 in 1941 and nearly \$200,000,000 in 1944. Quite apart from its value in this respect, however, there are other economic and business uses which increase still further the practical importance of this type of information.

Many of these uses arise from economic changes brought about by transition from war to peacetime conditions. During the war years, retail trade experienced high levels of consumer demand, usually for relatively inadequate and in some lines for severely restricted supplies of merchandise. These conditions in turn tended to reduce the intensity of competition between stores in the same kind of business, as well as competition for the consumer's dollar between stores handling different kinds of goods. The resulting curtailment of price competition between retailers, the extension of price control which in general tended to stabilize buying and selling price relationships for retailers, and a diminished need for mark downs and sales allowances all exerted influence in the direction of maintaining or improving the percentages of realized gross trading profits. Apart from the furniture, radio and electrical, and automotive kinds of stores, the sales volumes of individual stores generally increased throughout the war period. These gains in turn tended to level off or to reduce expense percentages, the dollar amounts for some of which had been favourably affected by reduced credit losses and by curtailed expenses of operation.

Different conditions, however, can be expected to prevail in peacetime which, for purposes of discussion, can be broken down into two phases. During the earlier transition period industry will re-convert to peacetime activities and its subsequent production can be deemed to go far to meet consumers' pent-up demands, especially for many types of durable goods. Consumer purchasing power will likely remain relatively high due partly to wartime savings, partly to the high level of industrial activity, and partly, with crops permitting, to the substantial export and domestic demand for food products. An expansion in the numbers of retail stores in business may also be anticipated as war veterans, and individuals displaced from war production, establish their own businesses. During the early part of this phase, the supplies of many kinds of consumer goods may be inadequate to meet popular demands for them. As this period advances, however, consumer demands will settle down more to a replacement basis, expanded output will be able to build up normal stocks of merchandise at different levels in the manufacturing and distributive processes, and the functions of demand creation and sales promotion will become steadily more important.

The more normal peacetime period may therefore be marked by the greater necessity to promote and sell the products of an expanded industry. With freer price relationships between merchandise cost and selling prices then prevailing, greater pressures may be exerted on retailers' gross trading profit margins than before. This condition will probably result from a combination of influences including the increased quantities of readily available supplies, the desire of manufacturers and retailers to increase commodity and store sales through lower prices, and from making mark downs and sales allowances more extensively than in the war and transition periods. Lower individual store sales volumes for many kinds of retail trade on average may also be experienced from increases in the store population, the diffusion of consumer purchasing power over widened ranges of merchandise, including, for instance, automobiles and related products, electrical appliances, etc., and from more intense competition between different types and kinds of retail outlets. These lowered sales volumes will then tend to increase percentage rates of expense, many of which will be forced upward by greater dollar expenditures for advertising, for store renovation, and possibly for the provision of greater services to store customers.

Such tendencies toward reduced store sales volumes, to lowered gross trading profit and to increased operating expense percentages in the more normal peacetime period emphasize the need for progressive improvements in the management of independent stores if their continued existence and their proprietors' standards

of living are to be assured. These conditions thus impose upon retail merchants the necessity for using productive methods of sales promotion to maintain sales volumes, for informed buying and pricing practices to obtain adequate gross trading profits, and for careful control of operating expenses to secure adequate and reasonable net trading profits. They require in addition the periodic self-examination of the merchant's financial results so that weak spots in the store's operations can be revealed and remedied.

These periodic reviews of the store's operations are most revealing when individual merchants can measure their own financial results against certain outside standards or yardsticks of achievement. It is these standards or yardsticks of financial performance which this Bureau is now presenting in its reports on the actual operating results of sample groups of retail stores. With reports of this type, individual merchants can compare their rates of inventory turnover and their percentages of gross trading profits, operating expenses, and net trading profits with those obtained by similar kinds of stores. Guides of this nature enable retailers to determine whether their experiences are better or poorer than average, and where poorer, the factors producing the inferior results can be further analyzed for corrective action.

In addition to serving as aids to store management, information on operating costs is of considerable practical value to individuals planning the establishment of retail businesses. Reports of this type enable prospective retailers to find out what operating conditions are like in the trades they are considering, what net earnings they may reasonably expect from different sales volumes, and what standards they must achieve to obtain the net earnings they desire. The same reports also provide these individuals with knowledge of the average sizes of inventories carried, a factor of importance in estimating their capital requirements. Frequent requests are now received by the Bureau for information on sales and earnings possibilities in different trades and localities, on trade practices, capital requirements, etc. Provision of figures on operating costs thus widens the field of service the Bureau can provide, a service particularly timely when so many are apprehensive of the opportunities for profitable establishment in business.

Over a period of years the expanding use of the Bureau's reports on operating results may produce benefits of importance to those engaged in retail trade. These benefits may well appear in the form of greater efficiency in store managements, increased flexibility to meet changing conditions in distribution, and greater stability in the business existence of retail stores through reductions in overall rates of business mortality. Improved management implies a greater knowledge of operating costs and the means of controlling them. It enables the value of services rendered to be measured against their costs, and by focussing attention on the critical gross trading profit percentage emphasizes the importance of careful buying to reduce mark downs, etc., and yet maintain satisfactory net earnings positions. Management of this sort, particularly in the smaller independent stores, also implies an awareness of trends and competitive conditions in retail trade, thus tending to promote the openmindedness and flexibility to meet new problems with new methods and cope with them.

The economy of the country also gains from the extension of these benefits throughout retail trade. Improved managerial efficiency may well mean the provision of higher standards of living to those engaged in retailing. Under the pressure of competition lower prices can be passed on to consumers without impairing the earnings of other groups of individuals or producers, thereby increasing indirectly the purchasing power available for other commodities and services. Finally, reductions in business mortalities represents lowered credit losses and the decreased

wastage of capital and effort invested by unsuccessful merchants in their retail businesses.

Methods of Making Survey and of Compiling Results.

As already indicated, the purpose of this survey of operating results was to obtain sufficient information from stores operated by individuals and partnerships to enable accurate overall estimates of their net earnings in 1941 and 1944 to be made for inclusion in National Income figures. This would have involved a coverage according to 1941 figures of some 124,000 stores -- far too many to permit a comprehensive survey of all stores.

It was therefore decided to obtain the results from a sample of these stores, some 17,000 being chosen for this purpose. These stores, although selected at random, were carefully distributed geographically to represent each province and each of the 28 important retail trades from which the information was needed. Not all firms were able readily to provide the required information while changes in business and other causes further reduced the sample. In addition, some of the reporting stores were able to supply figures for only 1944. In general, however, sufficient reports were received to enable overall net earnings' estimates to be made for both 1941 and 1944. Reductions in the size of the sample, however, prevented the preparation of tables showing 1941-1944 comparisons of operating results for some trades and in some cases also limited the extent to which average operating results could be broken down into sales size and "owned" and "rented" classifications.

Following completion of the editing process and the preparation of the National Income estimates, the schedules were re-processed for compilation of reports on operating results in the various kinds of retail business. In addition to the kind-of-business groupings, there were several ways in which the schedules could have been classified such as by size of business and method of occupancy, by provinces or regions by size of business, by size of locality by size of business, etc. Examination of the reports submitted for the different retail trades, however, indicated that in many instances the number of schedules was too small to enable many of these detailed classifications to be made. The reports were therefore grouped on a Canada-wide basis into size-of-business categories and within these by method of occupancy into "owned" and "rented" sub-divisions.

Statistical tables showing average operating results in 1944 for the various retail trades were then prepared. Here the results appear in five size-of-business groups for "owned" and for "rented" stores having 1944 sales volumes of less than \$10,000, between \$10,000 and \$20,000, \$20,000 and \$30,000, \$30,000 and \$50,000, and sales of \$50,000 and over. In some instances, however, the number of reports for "owned" or for "rented" stores was too small to justify the publication of figures for one of these types of occupancy.

Where possible tables were also prepared to present comparative and average figures on the results which identical groups of stores obtained in 1941 and 1944. Individual returns were therefore classified before tabulation into three size-of-business divisions and within these, between "owned" and "rented" establishments, according to the sales they made and the methods of occupancy they used in 1941, irrespective of their size of business or type of occupancy in 1944. Unfortunately, however, comparative statistics for both 1941 and 1944 cannot be published for some retail trades due to the limited numbers of reports giving information for both years. In other cases, comparative results for 1941 and 1944 are presented by size-of-business groups for only "owned" or "rented" stores, the sample in these instances being too small to permit statistics for one of these types of occupancy to be of much practical value.

A glance at the tables appearing in this report will reveal quickly the items for which statistics are given in the various size-of-business and occupancy columns. These are grouped into two sections, one designated as the "General Information" and the other as the "Profit and Loss Data" section.

The "General Information" section, as its name implies, consists of statistics useful as background material for interpreting the percentages shown in the following division of the tables. Nine individual items are here shown, consisting of figures on number of stores reporting, sales, inventories, cost of goods sold, and stock turnover in times per year. Apart from "Average Sales Per Store", "Average Inventory Per Store, End of Year", and "Stock Turnover (times per year)", the figures appearing in this section are the dollar totals of the amounts shown in the individual reports of the co-operating stores.

Items included in the "Profit and Loss Data" section consist of "Gross Trading Profit", "Employees' Salaries and Wages", "Rent", "Advertising", "Depreciation", "Other Operating Expenses", "Total Operating Expenses", "Proprietor's Net Earnings Before Income Taxes and Withdrawals", and "Average Proprietor's Net Earnings Per Store". Dollar figures for all of the above items with the exception of "Average Proprietor's Net Earnings Per Store" were of course compiled by sales-size and occupancy categories and were then expressed as percentages of the total sales reported by those groups of stores. In this way the percentages become averages for the several classes of unincorporated retail stores.

The explanations for the above terms are set forth later in this report under the sub-heading entitled "How The Retailer Can Use Information on Operating Costs". It can be noted here, however, that both the percentages and the dollar figures for proprietor's net earnings are weighted by the inclusion of two different elements. One of these comprises the proprietor's remuneration for managing the business -- an amount which would in fact have been charged as an expense against the store if the business had been incorporated or had been operated as a unit of a retail chain system -- while the second consists of the smaller and residual net profit element which compensates for capital invested and risked and for unusual merchandising abilities brought into play. Quite obviously the figures shown for net earnings considerably overstate the proprietor's 'net profits' because they also include the allowance for proprietor's managerial services. Questions were consequently included in the schedule to permit objective allowances to be made for these services but insufficient information was obtained to enable the two elements in proprietor's net returns to be separately presented. The final item on average net earnings per store is therefore shown in dollar figures in the tables, partly as an offset to the relatively high net earnings percentages revealed by the previous series and partly to enable the reader to make his own allowances for the two principal elements the net earnings figures contain.

Limitations to Information on Operating Results.

Many retailers may quite probably use the averages contained in the tables of this series of reports as information against which their own results can be compared and analyzed. Others may use the statistics in a broader way as indicators of distribution costs in the various retail trades. Both uses are of course quite proper but the information will serve these uses best when the limitations inherent in the figures are fully appreciated.

In the first instance it is important to note that the figures are based only on the results of unincorporated retail stores. The averages therefore do not reflect the results obtained by stores operating under the incorporated form of

organization. The absence of these stores probably bears most heavily upon the representativeness of the averages for stores in the higher sales volume brackets in which incorporated stores are most frequently found. Quite apart from differences in the qualities of management between these two types of establishments, however, the figures for average sales and average year-end inventories per store, stock turnover, gross trading profits and percentages for rent, advertising, depreciation and all other operating expenses will be readily useful to incorporated store managements. Employees' salaries and wages and proprietor's net earnings before income taxes and withdrawals, on the other hand, are not comparable without adjustments with similar percentage figures for individual incorporated stores because allowances for proprietors' managerial services have been excluded from the former and included in the latter item.

In the second place, the figures on operating results are based upon returns from relatively restricted numbers of stores in the different retail trades under study. These samples, chosen at random, are presumed to give representation to the several factors which influence operating results, including differences arising from size of business, methods of occupancy, from the sizes of locality and provinces in which the stores are situated, from degrees of service provided to customers, merchandising policies and variations in the quality of store managements. Size of business and method of occupancy rank high among these factors and the tables were therefore prepared to show operating result averages for different sales-size and occupancy groups of stores. Within these breakdowns of the overall sample the remaining factors naturally tend to 'average out' in the Canada-wide operating averages presented.

The proper 'averaging-out' of the above variations is naturally dependent upon a sufficient number of reports being included to permit this process automatically to take place. Examination of the tables, however, will indicate that the number of usable reports included in the various sales-size and occupancy categories is often quite small, frequently representing less than ten stores. In such cases the results should be compared carefully with the results shown for other sales-size brackets to appraise consistencies in trends between the different groups. Where the results appear definitely out of line with these trends, the figures should be interpreted with considerable care because it is quite possible that the averages for that bracket are not typical of the average results for all stores of that size.

The 'averaging-out' within the different sales-size brackets of the factors which affect retail operating results, however, imposes certain limitations upon the use of operating cost information by individual merchants. This is because retailers wish to compare their own results with those obtained by stores as similar to their own as possible. With the tables set up in the present manner, retailers are able in part to do this because they can match their own results against those of stores in their own sales-size and occupancy classes. On the other hand, these overall figures also reflect the combined and average influences of location by provinces and by size of locality, of degrees of service provided and of merchandising policies followed. Individual retail stores, however, experience not the 'average', but rather the full effects of such factors in their operating results. Thus the overall percentages may well be quite accurate in what they represent and yet differ considerably from the experiences of many individual stores. Unfortunately the isolation of such influences would require a considerably larger number of reports than were received from the recent survey of operating costs.

An additional point arises in connection with the way average expense percentages for employees' salaries and wages, advertising and depreciation were built up. Some reports for instance did not show dollar amounts for one or two of

these expense items. When no values were shown for the first two types of expenses, the practice was to accept the report on the assumption that the store required no paid help and in the case of advertising that no such expenditures were incurred. Where no amounts were shown for depreciation and no indication was given that any had been taken, the schedule was examined to see if the size of business justified further attention. If so, the firm was either corresponded with or an estimate was made for this item. In all cases, of course, the expense ratios represent the total dollar expense figures for each item in each individual classification expressed as percentages of the total sales reported by stores in that category. The expense percentages for these three items may therefore be slightly less than they would have been if only the sales of stores reporting full expense figures had been used.

How the Retailer Can Use Information on Operating Averages

Mention has already been made of the conditions in retail trade which may prevail in the more normal peacetime period after the transition phase has been negotiated. This possible pattern of economic factors, it was suggested, may include a greater pressure of available supplies on retail and consumer markets, a relatively smaller unstimulated demand for those commodities, a greater competition in retailing associated quite probably with freer and often somewhat lower prices, and the possibilities of reduced percentages of gross trading profit, of lower individual store sales volumes for many kinds of independent stores, and of higher expense percentages. Such factors raise the question of how individual merchants can best utilize information on average operating results as a management tool in meeting their problems of transition and adjustment to changing economic conditions.

Use of operating cost averages in this way depends essentially upon comparing results of individual stores with those obtained by similar stores in the same kind of business. The retailers therefore should first determine from the tables the size of business and occupancy categories most similar to his own store. This may be done by comparing his own sales for the period with the sales-size brackets of the tables to determine his size category and by selecting the occupancy basis coinciding with that of his own business. He should next reduce his own financial items such as his stock turnover, his gross trading profits and his several expense categories to conform with those appearing in the tables and express these figures in ratio form -- for the most part as percentages of his own total net sales and receipts from services performed. He is then in a position to compare directly his own results with those which other more or less similar Canadian stores obtained in the same period.

"Number of Stores Reporting", the first item in the tables is also the first item to which the merchant should direct his attention. This figure, indicating the number of reports upon which the following percentages are based, is a good overall indicator of how typical those ratios may be of the entire class of stores they are presumed to represent. Such percentages, it will be recalled, become more accurate as overall measures of their class as the numbers of stores in the sample increases. Consequently the averages for particular categories where the number of reports is small should be compared with other brackets for consistency before those averages are applied against the results of the individual store.

"Average Sales Per Store" is a useful comparative figure because it gives the retailer an idea of the size of the 'average' store in each size-of-business bracket. With this information the merchant can identify the position of his store as either below, above, or at the sales-average point in his appropriate category. He can make the necessary allowances therefor when comparing figures for stock

turnover and percentages for the various operating expenses and net earnings with his own results.

"Total Inventory Reported" as a section within the tables contains four items of which the first two and the last will be of considerable interest. The first two show total inventories of merchandise for resale of all reporting stores at the beginning and end of the year under review. Individual merchants can thereby take note of the dollar change in such stocks between the two dates which for the sake of convenience may be reduced to percentage form. This variation can then be compared with changes in their own inventory levels to indicate how their own experiences conform with the trend for the group.

"Average Inventory Per Store, End of Year", the last of such inventory items reduces the total end-of-year stocks of reporting retailers to a per store basis and thereby indicates the average amount of capital per store that was invested in stocks at that date. Admittedly these figures have been influenced by wartime conditions which have affected the quantities on hand, the commodity composition of the stocks and the cost prices on which the inventory valuations rest. Moreover, the value of inventories on hand at the end of the year is often an inadequate measure of the stocks which were maintained throughout the period because the end-of-year stocks for many trades tend to reach a relatively low point at that time. In view of such limitations, comparisons based on these averages reveal at the most the extent to which the merchant's residual and immediate supply position conforms with others in his own sales-size bracket. Under normal supply-demand conditions, however, such figures would probably provide on average a better indication of the more basic and minimum inventories which reporting retailers of that size feel were required at that time.

"Stock Turnover (times per year)" is the number of times that reporting stores disposed of their average inventories of merchandise in the year. For purposes of this report, it has been calculated by dividing the average of the total beginning and ending inventories at cost values into the "Cost of Goods Sold". The latter item itself is a computed one, being determined by adding beginning merchandise inventories to purchases and deducting stocks of goods left on hand at the year-end. Merchandise purchases here consists of the invoice value of all goods bought for resale during the year, less returns, allowances and cash and trade discounts, but including duty, inward freight, and express and truckage charges. Obviously the individual merchant must calculate his own stock turnover in the same way before valid comparisons can be made with similar stores. So computed, both stock turnover figures probably overstate the actual number of times the average inventory was disposed of since the beginning and ending inventory figures each reflect year-end valuations when stocks are frequently at their lowest. This does not impair the value of conclusions based on comparisons because the turnover figures for the individual store and sample group of stores are similarly affected.

Having computed his stock turnover in the above manner, the retailer may find the figure for his store somewhat lower than the average for the comparable group of retail establishments. The immediate explanation for this variation of course is that the merchant seemingly used a larger average inventory to obtain his sales volume than the sample of similarly-sized stores used to obtain theirs. The merchant's larger average inventory, in turn, may result from one of three situations, namely, that his opening inventory was higher than the beginning per store inventory for the group, that his ending inventory was larger than the ending per store inventory for the group, or that both his beginning and ending inventories were larger than that of the sample group of stores.

The first of these, that the retailer's opening inventory was out of line

with the average for the group, may be determined by calculating the average per store beginning inventory for his class of store and then making a direct comparison. The merchant's larger beginning inventory may have been caused by the arrival of a comparatively large shipment of merchandise just before the year opened, or to other conditions applying more particularly to operations in the preceding year. The fact, however, that his end-of-year stocks were more closely in line with the average for his group not only indicates a liquidation of part of his inventories, but also suggests that the merchant enjoyed a higher rate of stock turnover during the latter part of the year than that of his class.

The second possibility, that his ending inventory exceeded the average for his group while his beginning stocks were more closely in line, could have been caused by several factors. Thus receipts of merchandise just before his financial year ended may have been sufficiently heavy to produce the comparatively larger inventory position. This would clearly reduce his calculated rate of stock turnover but it would not necessarily mean that his real turnover was lower than the average for his class. Another explanation is that the merchant experienced a lower volume of sales in the closing months of the year than he had expected, while his purchases of merchandise continued unchecked. Such a condition might be a matter of considerable concern, first because of the possibility of continued curtailments in sales and second, because the merchant would be facing a new financial year with a relatively heavy and perhaps unbalanced inventory position.

The third possibility, that the retailer's beginning and ending inventories were both higher than the average beginning and ending per store inventories for the group, from the merchant's viewpoint is probably most significant of all. Some retailers, of course, may end their fiscal years at times when due to seasonal factors their stocks are naturally quite high. In such instances an unreal comparison could result because most of the reporting stores terminated their accounting years at the end of December, January, or February when their stocks were comparatively low. In all other cases, however, such a state of affairs indicates quite definitely that the retailer is using a larger inventory to produce his sales than those used on the average by other stores in his class. For some stores, the size of the floor area or the use of mass displays of merchandise may require heavy but balanced stocks of goods; for others, the comparatively large inventories may result from the policy of purchasing in sizable quantities for quantity discounts, or for other reasons. Such inventories of course require the investment of additional capital in merchandise, but the retailers concerned may feel the risks to be justified in the light of the gains achieved. In other instances, however, the carrying of higher inventories may well suggest the presence in the inventory of unnecessarily large quantities of slow-moving goods which have accumulated over a considerable period. Here, the careful examination of the retailer's inventory position with a view to the clearance of the excessive stocks of particular items may be in order to minimize the possibilities of losses on eventual disposal, to make way for better stocks, and to release capital for more profitable investment in other ways.

"Gross Trading Profit", as has been pointed out earlier, is the difference between net sales of merchandise, including proprietor's withdrawals of goods and receipts from repairs/services, and the "Cost of Goods Sold". The latter item is calculated by adding beginning merchandise inventories to purchases and then subtracting the inventory of merchandise left over at the end of the period. Merchandise purchases, of course, represents the total invoice cost of the goods less returns, allowances and cash and trade discounts, but includes both duties levied on imported commodities and inward transportation charges. "Cost of Goods Sold" is therefore the cost value of the merchandise which was sold or otherwise disposed of while "Gross Trading Profit" is the gross income fund remaining from store receipts after the merchandise costs have been deducted.

The "Gross Trading Profit", then, arises directly out of the retailer's activities in buying, selling and managing his inventories of merchandise. As such, it can be considered in two ways, that is, the total amount of gross trading profits realized during the period and also the percentage rate at which they are made. To retailers, both aspects are important. The actual amount of such profits is significant because it is from this profit fund that the operating expenses must be deducted before the retailer can properly claim the net earnings which determine his standard of living. The percentage rate is of interest because it is a measure of his success in obtaining a satisfactory overall spread between merchandise costs and sales, and indicates what could reasonably be expected in the future from a given volume of sales.

In the tables, the gross trading profit is shown only as a percentage of sales, thereby setting forth average standards of performance for each of the size and occupancy classes of co-operating stores. These percentages therefore represent the overall maintained mark up on sales which, on average, was obtained by the reporting stores. Such ratios can also be expressed as percentages of cost of goods sold merely by expressing the gross profit percentage as a fraction of the remaining cost of goods sold percentage and multiplying by 100. For instance, if the gross profit forms 25 per cent of sales, the cost of goods sold would form 75 per cent of sales, and the maintained mark up on cost for the store then would be 25 per cent over 75 per cent times 100 per cent, or $33\frac{1}{3}$ per cent on the cost of goods sold.

To compare his own rate of gross trading profit with the average obtained by the reporting stores in his own group the retailer should be sure his gross profits have been calculated in the above manner and then expressed as a percentage of his total net sales including his receipts from repairs and other services rendered. Having done this, the retailer may find his own gross profit percentage, for instance, somewhat lower than the average for the reporting stores in his sales and occupancy group. He can then analyze his own trading activities to uncover by process of elimination the possible reasons for his seeming less-than-average performance.

One or more of a number of factors, together or singly, could depress the merchant's percentage of gross trading profits. On the selling side of the picture it is possible, for instance, that an unusually large proportion of the retailer's sales could have been concentrated in the lower-profit lines of merchandise; in other words, that he was not selling enough of the higher profit items to 'average-up' his gross trading profits. Competition may possibly have required the retailer to sell at relatively low selling prices and thus at relatively small original mark ups over cost values during the period under study. In some cases, merchants may have had satisfactory original mark ups but later on have marked down sharply the retail prices of various items for sales promotional purposes; in others, heavy mark downs may have been taken to clear excessive stocks of slow-moving goods, to sell merchandise depreciated by style changes or by the possible appearance of better goods to replace various types of wartime articles, or to dispose of perishable commodities before total losses were sustained.

Factors relating to purchasing for resale likewise could have had a downward influence on the gross profit percentage. Miscalculations in estimating the demand for certain lines of merchandise, for instance, could have been the original reason for some of the clearance mark downs just described. Difficulties in purchasing goods at cost prices sufficiently low to enable satisfactory original mark ups to competitive selling values to be obtained is another factor. This experience, of course, is at least partly common to other retailers in the same kind of business. Failure to take the full benefit of cash discounts also tends to reduce the gross trading profit percentage. Such discounts, although representing

a worth while addition to the income of the business, will usually not of themselves cause any considerable change in the gross profit percentage.

A number of other factors may also be influential in producing a lower-than-average rate of gross profit. An over-valued beginning inventory, for instance, will cause a larger figure to be shown for cost of goods sold and thereby will reduce gross trading profits. An ending inventory that is under-valued, or one which has been written down in value due to lower cost prices or to depreciation in the quality of the merchandise, will also lead to the same result. Stock shortages, too, will have a similar effect. Here the retailer should perhaps compare his gross profit percentage with those for previous years to see whether a sudden or more gradual drop has been experienced. Merchandise withdrawn by proprietors or by employees as part payment for services rendered, will likewise depress the gross profit percentage if such amounts have not been included in sales at full retail values. In cases where cash receipts are considered as sales the withdrawal of cash by the proprietor without including it in his total receipts, or the transacting of an unusually large proportion of business on a credit basis near the end of the financial year, again will reduce the gross trading profit and its percentage for the year under review.

"Employees' Salaries and Wages", exclusive of all types of cash withdrawals by the individual retailer, may appear higher when expressed as a percentage of his total sales than the average obtained by reporting stores in his own size and occupancy group. Such a situation could mean that the merchant's employees are not as productive of sales volume in proportion to their salaries and wages as those of similar stores. This might result from the fact that the retailer is paying them at higher rates of pay than other merchants in his class. Alternatively, the retailer could be using more full-time and fewer part-time workers than the comparable outlets, or is relying more on male employees than was true of the group of similar reporting stores.

The types of services provided by the retailer to his customers might also be an explanation. Some of these extended on a non-charge basis, such as free delivery, the provision of credit, the making of adjustments and alterations, etc., could have increased the routine work of the store sufficiently to require additional help. Certain other services performed on a charge basis, such as repairs, etc., could also increase staff requirements, even though profitable revenues were obtained.

Certain peculiarities in the retailer's business may also account for the higher-than-average percentage for salaries and wages. If the merchant is conducting a mixed business or, in other words, is operating another business besides his retail store, he may have allocated too high a proportion of his salaries and wages to his store. On the other hand, the proprietor may be giving more of his attention to the other activity, relying to a greater extent on paid help to operate his store.

In some instances the merchant's higher payroll percentage may reflect peculiarities of some of the stores included in the different sample groups of stores. Probably the most important of these is the likelihood that some of the reporting stores may have been relying in part at least on family members for store help. Some of these individuals may not receive any regular wages and others may be paid at less than going rates of pay for their services. The inclusion of these stores in the sample therefore would result in a somewhat lower salary and wage percentage than otherwise would have been shown. In general, however, these peculiarities to the extent that they do exist will probably be most pronounced in the smaller size-of-business groups of stores.

"Rent", when expressed as a percentage of the retailer's total sales may also appear higher than the average for comparable stores. Some allowance, though, should be made for such differences, particularly when merchants who are comparing their results are situated in the larger centers of population. This is because the reporting stores represent the various sizes of locality, including the larger cities in which dollar rents often tend to be somewhat higher than in the smaller places. In the tables, however, these higher rents are 'averaged down' by the lower rental experiences of stores in the smaller localities.

When due regard has been paid to this fact, it may be true that the merchant's rental percentage is still above the average for his group, - in other words that he is not obtaining as large a sales volume per dollar of rent expense as the comparable stores obtained. Several factors, of course, can account for his less-than-average performance. Among these is the possibility that especially severe competition or lack of aggressive promotion may be keeping the retailer's sales volume down; that he has been in business for a relatively short time and has not yet built up his sales volume to the potential his location offers; or that the merchant is situated in a city with particularly high commercial rentals. In other cases, the merchant may be renting more than the space required for his store and yet be charging the full rent to the store business. Here the comparison may not be as adverse as it seems when the proportionate amount of rent is charged against the store.

"Advertising", shown in the tables as average percentages of sales, is based on the sales of all stores in the several categories even though some stores may not have incurred any advertising expenses. This clearly would reduce the average advertising expense ratios below what would have been the average for the stores that advertised, and hence should be allowed for in making comparisons. As in other cases, a higher-than-average advertising expense ratio may be due to a number of possibilities requiring analysis by the merchant concerned. Thus he may have been trying to expand his sales volume through advertising and deliberately incurring high initial expenses for such publicity. Special clearance sales may have been held which required higher-than-average advertising expenditures, or perhaps he found it necessary to advertise heavily as a defensive measure against especially severe competition which may have featured his trading locality. There is also the further possibility that due to various reasons his advertising is not producing the extra business that it should.

"Depreciation", as percentages of total sales, measures the extent to which the owned fixed assets of the store -- including the value of new additions or replacements -- have decreased in value by wear and tear, by getting out of date, or simply by growing older. This of course is a real expense of the business even though it does not immediately involve cash expenditures, for the business man should recover his capital either for investment in new assets or for other uses. The size of this expense obviously depends upon whether the store building is owned or rented, the original costs and types of the fixed assets which are owned, and the rate at which those assets are being written off.

Not all of the co-operating stores reported allowances for depreciation. In some instances, at least, this may have been due to the fact that the fixed assets had already been written off. Quite possibly, the wartime scarcities of equipment, materials and labour may often have prevented replacement or renovation of the fixed assets, thus depressing the depreciation expense percentages below what they would have been in normal times. In other instances where no depreciation was shown, a corrected figure was obtained for depreciation or alternatively an estimate was entered in the tabulations for this expense. In general where correspondence with reporting stores was undertaken the following rates were suggested

for consideration: on cost of building, a maximum of 5 per cent if of wood, and of 2-1/2 per cent if of brick or stone; on delivery equipment, 25 per cent of cost for the first year and 20 per cent thereafter; on fixtures, a maximum of 5 per cent; and on machinery, of 10 per cent per year.

In comparing his own depreciation expense percentage with those shown in the tables, the retailer should recognize that the averages are somewhat lower, frequently in the smaller size groups, than they would have been if only stores reporting depreciation allowances had been taken. If the merchant's depreciation ratio still appears high it is very likely due to certain factors peculiar to his own business. Thus his fixed assets may be more elaborate; their original cost may have been greater; some of them may have been purchased more recently; or the rates of depreciation used may have been higher. In any event the element of depreciation is there, and the rate of allowing for it can only vary on a sound basis between fairly narrow limits.

"Other Operating Expenses" comprise all legitimate expenses still remaining and include heat, light and power, store supplies, taxes other than income taxes, business insurance, losses on bad debts, repairs and maintenance, interest on borrowed money, etc., but do not include proprietor's salaries or withdrawals. As such it is unfortunately too mixed an expense category to permit a detailed analysis of the reasons for the difference between the individual retailer's expense ratio and that of his group. Furthermore the merchant must make an allowance for a reasonable difference between the two expense percentages because of the varying experiences of stores reporting their "all other operating expenses". If his own percentage is still somewhat higher than the average, however, the retailer may well check through his residual expenses to determine the reasons for them and to assess the possibilities of effecting certain reductions in the future.

"Total Operating Expenses", when expressed as a percentage of the store's total sales, is of course merely the sum of the individual expense percentages previously discussed. The difference between the individual merchant's total expense ratio and that of his group is consequently the net result of the variations he finds between his own individual expense items and the averages for his comparable group of stores. These differences could quite possibly cancel each other out to leave the retailer's total expense ratio closely approaching the average for the category against which it is compared. Clearly, however, this does not mean that no opportunities exist for a curtailment in total operating expenses by a careful examination of the individual expenses which were incurred.

"Proprietor's Net Earnings Before Income Taxes and Withdrawals" is obviously the final result and financial objective of the retailer's merchandising activities. In percentage form it is the measure of the merchant's success in keeping his gross trading profit and his total operating expenses sufficiently far apart to yield a positive percentage of net earnings which is, of course, exclusive of non-trading incomes such as return on investments, rentals received and so forth. If, then, the retailer's percentage of net earnings is less-than-average, it must be due to either one - or both - of two factors: i.e., a lower-than-average gross trading profit percentage, or a higher-than-average total operating expense ratio, the possible causes of which have already been commented upon.

"Average Proprietor's Net Earnings Per Store", as already explained, consists of the total reported net earnings divided by the number of co-operating stores. Expressed as a percentage of total net sales, this item will frequently appear large. This is because it contains two dissimilar and unmeasured elements, one being the remuneration usually thought of as the proprietor's real salary for

managing the business, the other consisting of the net trading profits which are in turn made up of a legitimate reward for exceptional merchandising abilities and a return on capital invested - and risked - in the enterprise. Allowances must therefore be made in the dollar figures shown in this item for the proprietor's managerial services before the real profitability of the individual store or the comparable group of stores can be appraised.

Discussion in this section, it will be noted, has dealt with three phases of the problem of "How The Retailer Can Use Information On Operating Results" in studying his stock turnover and his various profit and expense items. First has come an explanation of what each item is and how it is made up. Then it was assumed, for purposes of comparison only, that the retailer's results were inferior to the average for his comparable class of stores. This, in turn, was followed by a discussion of the possible operating factors which might have caused the poorer results. Many of these factors, however, would have resulted in average or better-than-average performances being obtained if their direction had been reversed. For this reason, therefore, no attempt was made to analyze the reasons for higher-than-average operating results.

Finally, it will be observed that no recommendations were made for the correction of adverse conditions. Frequently such conditions, such as particularly severe competition, are in fact hard realities which must be faced. Here, as in other cases, analysis based on facts and imagination must be relied upon to solve many of the individual problems of retail managements.

PART II - GROCERY STORES (WITHOUT FRESH MEATS)

Trends by Size of Business, 1944

By way of definition, it may be noted that the Bureau's classification for grocery stores is made up of three individual kinds of retail outlets. The first, and by far the most important, consists of stores selling a complete and general line of groceries. The second group of stores may handle both general merchandise and groceries but the sales of the latter must predominate to the extent of at least 80 per cent of the total. Some stores handling a combination of confectionery, tobacco, fruits and groceries are included when the sale of fruits and groceries comprise at least 40 per cent of their dollar volume, and when the sale of groceries exceeds that of fruits and vegetables. Cooked or prepared meats may be and frequently are handled but, by definition, the sale of fresh meats can be made only in minor quantities.

So classified, the sales of the grocery stores which reported their sales by classes of commodities in the 1941 Census of Merchandising consisted to the extent of about 86 per cent of food and kindred products. Included in this total percentage figure were fruits and vegetables which formed about 14 per cent of total sales; dairy products and eggs comprising 12 per cent; fresh and cooked meats, 4 per cent; bakery products, 3 per cent; candy and confectionery, 2 per cent; and other food products, 51 per cent of the total sales of such stores. Cigars, cigarettes and tobacco accounted for 3 per cent, household supplies 5 per cent, and miscellaneous merchandise including sales of beer and wine in the province of Quebec about 6 per cent of total grocery store sales in Canada.

A total of 319 reports for 1944 were received from grocery stores co-operating in the survey of operating costs. When these were classified by size of business and by method of occupancy into the ten groupings of stores, only 5 reports for 1944 appeared in the \$50,000 and over sales category for owned stores. This was considered to be too small a sample to justify the publication of averages and no figures are therefore shown in Table 1 for owned stores with sales of \$50,000 and over. In the nine remaining size and occupancy groupings of grocery stores into which the total of 314 usable reports were classified, the samples are comparatively satisfactory, there being only one classification in which the number of returns represented less than 24 stores.

Coming now to the operating result figures presented in Table 1, it will be noticed that stock turnover varied between a low of 6.7 times for owned stores in the less than \$10,000 sales grouping and a high of 13.4 times also recorded by owned stores in the \$20,000 to \$30,000 size of business. Between these extremes a middle range is also apparent, the four turnover ratios most closely together being contained by averages of 9.8 and 11.0 times per year. A moderate tendency is in evidence for the stock turnover to increase with expansions in the size of business the ratios rising steadily to 13.4 times for owned stores in the \$20,000 to \$30,000 sales size, and to 13.2 times per year recorded by rented outlets in the \$30,000 to \$50,000 size of business. From these averages, however, the turnover ratio receded rather sharply to 11.0 times per year for owned stores in the \$30,000 to \$50,000 and to 10.4 times for rented establishments in the \$50,000 and over sales classification.

Average year-end inventories per store, as might be expected, increased steadily for both owned and rented stores as the size of business became greater. For owned stores the value of ending inventories for resale varied from a low of

\$714 to a high of \$3,042 per store in the \$30,000 to \$50,000 sales classification, while the range for rented stores was between a low of \$737 and the high of \$7,522 per store recorded by outlets in the \$50,000 and over sales category. A further examination of Table 1 will show that total end-of-year inventories were somewhat larger than total beginning inventories in all nine of the sales and occupancy classifications of grocery stores, the relative increases ranging in fact from a low of about 6 to a high of around 15 per cent of total beginning inventories.

Gross trading profit averages for grocery stores for 1944 varied from a low of 13.0 to a high of 18.8 per cent of total sales with seven of the nine averages ranging between the outside limits of 13.0 and 14.7 per cent of sales. A partial tendency is apparent for the gross profit percentages of both owned and rented stores to decrease as the size of business increased. Thus the gross trading profit ratios for owned stores declined steadily from 16.6 per cent in the less than \$10,000 size to 13.0 per cent in the \$20,000 to \$30,000 group, while the averages for rented stores moved progressively lower from 18.8 per cent in the smallest to 13.4 per cent in the \$30,000 to \$50,000 size of business. On the other hand, the ratios were somewhat higher in the next larger categories, standing at 13.9 per cent of sales for owned stores in the \$30,000 to \$50,000 classification and at 14.7 per cent in the case of rented outlets in the \$50,000 and over sales size.

Turning to the operating expenses, the nine average percentages for employees' salaries and wages varied between the comparatively wide outside limits of 0.3 and 5.2 per cent of total sales. Examination of Table 1 will also reveal a consistent trend for the salary and wage ratios to increase with the size of business, a relationship which is true for both the owned and the rented groups of stores in 1944. For owned stores, the payroll ratios rose from 0.5 per cent in the smallest to 3.3 per cent of sales in the \$30,000 to \$50,000 category while the payroll ratios for rented grocery stores increased from 0.3 per cent in the smallest to 5.2 per cent of sales in the \$50,000 and over size of business. These upward trends probably reflect the decreasing importance of the proprietor's clerical services and the increasing burden of selling and other work which must be performed by paid help as the size of the business becomes larger. It should be noted, however, that the percentages as averages may have been depressed somewhat by the presence of stores without employees among the various sales groups. This may be especially true of the smaller sizes of business, but even in the larger sales classifications it is possible that some reports from grocery stores operated by members of the proprietor's family may have influenced the payroll percentages in a downward direction.

Rent, unlike salaries and wages, is clearly a fixed expense once the lease has been negotiated. This presents the retailer with the opportunity to reduce the weight of this fixed expense by spreading his rental charges over an expanding volume of sales. It is therefore not surprising to note in Table 1 that the rental expense ratio dropped steadily from a high of 3.2 per cent of sales in the less than \$10,000 sales size to 1.0 per cent of sales for rented stores with annual turnovers of \$50,000 or over.

On the average, only negligible expenditures were made for local advertising by the 314 owned and rented grocery stores whose reports form the basis for the figures presented in Table 1. In the less than \$10,000 sales category, indeed, the amounts reported for advertising by both owned and rented stores were too small for percentage ratios to be shown. The highest advertising percentages at the comparatively low figure of 0.2 per cent of sales were recorded by owned stores in the \$30,000 to \$50,000 and by rented outlets in the \$50,000 and over sales categories, the remaining five averages standing at 0.1 per cent of the annual dollar volume of business.

Depreciation allowances, on the other hand, were somewhat larger, being highest at 0.9 per cent for owned stores in the less than \$10,000 and the \$10,000 to \$20,000 sales groups, and at 0.6 per cent for rented stores having sales of less than \$10,000. Thereafter the ratios for owned stores dropped to the slightly smaller figures of 0.8 and 0.7 per cent in their two largest classifications. A downward, though irregular, movement in the depreciation expense ratios as the size of business expanded is also apparent for rented stores, the figures dropping from 0.6 to 0.4 in the \$10,000 to \$20,000 sales size, rising again to 0.6 in the \$20,000 to \$30,000 category and then decreasing to 0.4 and 0.3 per cent of sales in the two largest sizes of business. Examination of the figures will also reveal that the ratios for owned stores were somewhat larger than those of rented outlets, a reflection of course of the greater investments in buildings and other physical assets required for the operation of owned grocery stores.

Other operating expenses, the last expense item shown in Table 1, varied for the nine size and occupancy groups of grocery stores between 2.7 and 4.4 per cent of total sales. This type of expense of course is a miscellaneous one, including such individual items as supplies, communication, heat, light and water, taxes other than income taxes, insurance, repairs and maintenance, interest on borrowed money, losses on bad debts and sundry expenses. Some of these are relatively fixed in amount of dollar expenditures, some tend to increase in amount with gains in dollar volume, while others may fluctuate according to circumstance. Possibly due to this reason, there is no significant tendency for the other operating expenses of rented stores to vary as percentages of sales either directly or indirectly with expansions in the size of business. Thus moving from the smallest to the largest sizes of business for rented stores, the ratios increased from 2.9 to 3.0 and 3.1 per cent of sales in the two larger categories, then dropped to 2.7 per cent in the \$30,000 to \$50,000 sales size and rose to 3.0 per cent in the largest sales classification. For owned stores, however, a downward though erratic trend can be seen. Here the averages started at 4.1 per cent in the less than \$10,000 sales size, rose to 4.4 per cent in the \$10,000 to \$20,000 class, and then declined to 3.3 per cent in the \$20,000 to \$30,000 grouping to rise slightly to 3.4 per cent in the \$30,000 to \$50,000 size of business.

Consolidating the expense trends just described, total operating expenses ranged from 5.5 to 9.7 per cent of sales, the low being recorded by owned stores with sales of less than \$10,000 and the high by rented stores with 1944 sales volumes of \$50,000 or over. Among the five sales classes of rented grocery stores there is a clear tendency for the total expense ratio to increase with sales size, the percentages rising from 7.0 in the less than \$10,000 and the \$10,000 to \$20,000 sales categories, to 7.5 in each of the two following classifications and thence to 9.7 per cent in the \$50,000 size of business. This upward movement was due principally to the expansion in the payroll ratios which more than offset the decreases recorded in the rental and depreciation expense percentages as the sales classifications became larger. With one exception, a similar increasing trend is apparent in the total expense ratios for owned establishments, again caused by the fact that the salary and wage ratios rose steadily with increases in the size of business.

Proprietor's net earnings before income taxes and withdrawals used in these reports contain in theory at least two types of rewards. One of these consists of a salary return for the proprietor's clerical and managerial services, while the other comprises the net profits which among other things represent a return on capital invested and risked in the business. So defined, these net earnings varied between the comparatively wide limits of 5.0 and 11.8 per cent of total sales with the averages for six of the nine classes of stores ranging between 5.9 and 7.8 per cent of the dollar volume. Reflecting the squeeze on rates of net earnings exerted

by the generally declining movement in gross trading profit margins and the upward progression in total expense ratios, the net earnings ratios fell steadily as size of business increased. In this regard, net earnings decreased from 11.1 and 11.8 per cent of sales for owned and rented stores in the less than \$10,000 sales size to 6.3 per cent for owned stores in the \$30,000 to \$50,000 classification and to 5.0 per cent for rented stores in the \$50,000 and over sales class.

In spite of this downward trend, however, the dollar figures for average net earnings per store consistently expanded with gains in the amount of business done. Thus in the under \$10,000 sales size the average proprietor's net earnings stood at \$598 and \$729 per store for owned and rented outlets having average sales of \$5,411 and \$6,161 per outlet in 1944. It was not until the \$30,000 to \$50,000 sales category was reached that average net earnings crossed the \$2,000 per store level, the figures here amounting to \$2,323 and \$2,300 per owned and rented store for establishments having average sales volumes of \$37,067 and \$38,659 per owned and rented outlet in 1944. In the \$50,000 and over size of business, the average net earnings for rented outlets stood at \$4,227 per store while the average sales amounted to \$84,850 per unit in the year under review.

Operating Results of Continuing Stores in 1941 and 1944 Compared

Table 2 in this section of the report presents figures on the operating results obtained by the sample of grocery stores reporting for both 1941 and 1944. Of the 314 reports of grocery stores upon which the statistics presented in Table 1 for 1944 were based, however, only 119 reports contained similar information for 1941. The sales classifications appearing in Table 2 have therefore been reduced in number to three and their limits have been set further apart to include considerably wider ranges of sales volumes. For this table, moreover, each store has been assigned to a size-of-business classification determined exclusively by its sales in 1941 and thus entirely independent of the amount of business transacted in 1944. In this way, the operating results obtained by identical stores in 1941 and in 1944 can be compared to determine the overall trends in the operating results of these stores during the wartime period. The trends so determined, however, are not necessarily indicative of the trends of all stores continuing in business during this four year period because of the comparatively small number of sample reports which are available for use.

Referring now to Table 2, it will at once be evident that on the average both owned and rented stores enjoyed substantially larger sales volumes in 1944 than in 1941. These gains on 1941 sales levels in fact amounted to 50 and 67 per cent for owned and rented stores in the less than \$20,000 size of business; to 29 and 45 per cent for owned and rented stores in the \$20,000 to \$50,000 sales classification; and to 19 per cent for the group of rented stores which in 1941 had sales volumes in excess of \$50,000. In total an increase of about 36 per cent in sales was recorded by the 119 stores reporting for both years. This compares with a gain of about 28 per cent shown in the Bureau's indexes of the sales of a much larger sample of continuing food stores which includes both chain and independent grocery, combination grocery and meat, and meat stores and hence is not strictly comparable with the preceding percentage figures.

Reflecting the sharp increases in sales experienced by the reporting stores between 1941 and 1944, the rates of stock turnover were considerably higher in the more recent year. This trend was consistent for each of the two size groups of owned and the three sales sizes of rented stores. For 1941 the five series of stock turnover ratios varied between a low of 6.2 and a high of 10.3 times while for 1944 the averages ranged between outside limits of 8.6 and 13.3 times per year. In

both years, moreover, the low and high points were recorded by the same size and occupancy groups of stores, the low average standing for rented stores in the \$50,000 and over sales category and the high representing rented stores in the \$20,000 to \$50,000 classification. Inventory levels, judged on the basis of average inventory per store, end of year, were upward between 1941 and 1944 for owned and rented stores in the less than \$20,000 sales group and also for rented stores in the \$20,000 to \$50,000 size of business. Decreases in average ending inventories per store were experienced by owned stores in the \$20,000 to \$50,000 category and also by rented stores with sales in 1941 of \$50,000 or over.

Average gross trading profit percentages for the five size and occupancy groups of stores in 1944 were not too greatly changed from their respective levels for 1941. Thus in the earlier year these ratios varied between the comparatively narrow limits of 14.5 and 15.9 per cent of sales while in 1944 they were grouped closely between 13.3 and 15.2 per cent of sales. In each of the five classifications, however, the gross trading profit ratios were somewhat lower in 1944 than in 1941. The greatest decreases of 1.6 and 1.2 percentage points were recorded by owned stores in the less than \$20,000, and the \$20,000 to \$50,000 sizes of business, while declines from 1941 averages of 0.5, 0.8 and 0.2 percentage points are shown for rented stores in the less than \$20,000, the \$20,000 to \$50,000, and the \$50,000 and over sales sizes.

Total expense ratios were also consistently lower for each of the five groupings of stores in 1944 than in 1941. In 1941 these expense ratios varied between outside limits of 7.1 and 10.4 per cent of sales, the low representing owned stores in the under \$20,000 size of business, the high standing for rented outlets with sales of \$50,000 and over. For 1944 the range extended from 5.8 to 9.3 per cent of total sales, the high and low averages again being recorded by the same classes of stores as in 1941. The greatest decrease between the two years amounted to 1.9 percentage points but the smallest decline, amounting to 1.1 points, was also relatively significant. In each of the two years, however, the ratios for total operating expenses for both owned and rented stores became higher as the size of business expanded.

Average percentages for proprietor's net earnings before income taxes and withdrawals with one exception were higher in 1944 than in 1941. This movement in the four sales and occupancy classes of stores, of course, resulted from the fact that total operating expense ratios declined more than the percentages of gross profit between the years in question. These increases ranged between 0.5 and 1.4 percentage points, the one decrease of 0.3 points being recorded by owned grocery stores in the less than \$20,000 sales-size classification. Overall the net earnings ratios ranged between 4.4 and 8.5 per cent of sales in 1941 and between outside limits of 5.3 and 8.4 per cent of total sales in 1944. In both years, moreover, the rate of earnings decreased as the size of business became larger, a result principally due to the steady increase in the total operating expense ratios from the smallest to the largest sales groupings.

The dollar series of figures for average proprietor's net earnings per store were all substantially higher in the more recent year and, as expected, became sharply larger in both years as the size of business expanded. For 1941 these dollar figures, including both payments for proprietors' clerical services and profit returns from the business, varied from a low of \$771 to a high of \$3,738 per store. In 1944, on the other hand, the outside limits were both higher and wider with the low and high amounting to \$1,249 and \$5,319 per store.

Among the individual expense items, salaries and wages as ratios of total sales rose in percentage amounts as the size of business increased, but

remained relatively stable in the two periods under review. . Indeed in two of the five sales and occupancy classes of grocery stores the payroll ratios were the same in 1944 as in 1941. Decreases, however, can be noted in the three remaining groupings but these declines amounted to only 0.3, 0.2 and 0.1 percentage points from their respective levels in 1941. Overall, the payroll ratios ranged from 2.0 to 5.2 per cent of sales in 1941 and from 2.0 to 5.1 per cent of total sales in 1944. This relative stability in the five payroll ratios does not mean of course that actual payroll costs were substantially the same in 1944 as in 1941, but rather that on the average the amounts expended for employees' salaries and wages increased at approximately the same rate as did the percentage gains in the total sales of the five groupings of reporting grocery stores.

Rentals, being relatively fixed dollar outlays, were lower as percentages of sales in 1944 in all three sales-size classifications of rented stores than in 1941, a reflection of the considerable increases in business which had taken place since the earlier year. The sharpest drop occurred in the less than \$20,000 sales grouping where the rental ratio declined from 2.7 to 1.6 per cent of total sales. In the other two categories the declines were less striking, the ratio decreasing from 1.5 to 1.1 per cent of sales in the \$20,000 to \$50,000 and from 1.2 to 1.0 per cent in the \$50,000 and over sales sizes.

Advertising expenditures as percentages of total sales were low in both years under review, the five averages ranging between 0.1 and 0.4 per cent of sales in 1941 and between less than 0.1 and 0.2 per cent in 1944. Depreciation expenses, a less controllable item, were somewhat greater than publicity expenses in both years. During 1941, the five average ratios for depreciation varied between 0.3 and 0.8 per cent of sales and for 1944 between the lower outside limits of 0.2 and 0.7 per cent of total sales. Reflecting the influence of size of business, these averages for depreciation expenses generally decreased in both years as the sales-size groups became larger. Examination of Table 2 will also reveal that the ratios for owned stores were somewhat higher than those of rented outlets, a fact which can be attributed to the greater amounts of capital which their owners have invested in them.

Other operating expense ratios likewise showed a declining tendency, the average percentages for each of the five sales and occupancy classes of grocery stores being lower in the more recent period. For 1941, these ratios varied between a low of 3.3 and a high of 4.5 per cent of total sales while in 1944 the averages ranged between the lower and narrower limits of 2.7 and 3.2 per cent of dollar volume. Reflecting the proper inclusion of the various types of occupancy expenses in the figures for owned stores such as property taxes, etc., these outlets again had uniformly higher ratios for other operating expenses than the average percentages for their rented counterparts.

Table 1.--Grocery Stores - Operating Results for Stores Classified
According to 1944 Sales Size and Occupancy Basis, Canada, 1944

Item	AMOUNT OF ANNUAL SALES			
	Less than \$10,000		\$10,000 to \$19,999	
	Owned	Rented	Owned	Rented
GENERAL INFORMATION				
1. Number of Stores Reporting	46	24	41	33
2. Total Sales	\$248,886	\$147,866	\$603,363	\$486,708
3. Average Sales Per Store	5,411	6,161	14,716	14,749
Total Inventory Reported,				
4. Beginning of Year	29,278	16,343	50,745	37,311
5. End of Year	32,842	17,689	54,271	40,807
6. Average for Year	31,060	17,016	52,508	39,059
Average Inventory Per Store,				
7. End of Year	714	737	1,324	1,237
8. Cost of Goods Sold	207,571	120,067	515,272	416,622
9. Stock Turnover (times per year) ..	6.7	7.1	9.8	10.7
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)				
10. Gross Trading Profit	16.6	18.8	14.6	14.4
Operating Expenses:				
11. Employees' Salaries and Wages ..	0.5	0.3	1.4	1.6
12. Rent	-	3.2	-	1.9
13. Advertising	(a)	(a)	0.1	0.1
14. Depreciation	0.9	0.6	0.9	0.4
15. Other Operating Expenses	4.1	2.9	4.4	3.0
16. Total Operating Expenses	5.5	7.0	6.8	7.0
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...	11.1	11.8	7.8	7.4
18. Average Proprietor's Net Earn- ings Per Store	\$598	\$729	\$1,155	\$1,091

(a) Less than .05 per cent.

Table 1.--Grocery Stores - Operating Results for Stores Classified
According to 1944 Sales Size and Occupancy Basis, Canada, 1944 (Cont.)

AMOUNT OF ANNUAL SALES					
\$20,000 to \$29,999		\$30,000 to \$49,999		\$50,000 and Over	
Owned	Rented	Owned	Rented	Owned	Rented

GENERAL INFORMATION

31	50	16	44		29	1.
\$763,199	\$1,264,323	\$593,069	\$1,700,990		\$2,460,638	2.
24,619	25,286	37,067	38,659		84,850	3.
				SAMPLE		
47,640	85,319	44,040	107,829		186,215	4.
51,707	94,166	48,668	114,907	TOO	218,130	5.
49,674	89,742	46,354	111,368		202,172	6.
				SMALL		
1,668	1,883	3,042	2,612		7,522	7.
663,983	1,083,525	510,632	1,473,057		2,098,924	8.
13.4	12.1	11.0	13.2		10.4	9.

PROFIT AND LOSS DATA

(Items Expressed As Percentages of Sales)

13.0	14.3	13.9	13.4		14.7	10.
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1.9	2.2	3.3	3.1		5.2	11.
-	1.5	-	1.2	SAMPLE	1.0	12.
0.1	0.1	0.2	0.1		0.2	13.
0.8	0.6	0.7	0.4	TOO	0.3	14.
3.3	3.1	3.4	2.7		3.0	15.
				SMALL		
6.1	7.5	7.6	7.5		9.7	16.

6.9	6.8	6.3	5.9		5.0	17.
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\$1,680	\$1,710	\$2,323	\$2,300		\$4,227	18.
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Table B.--Grocery Stores - Operating Results for Stores Classified
According to 1941 Sales Size and Occupancy Basis, Canada, 1941 and 1944

Item	AMOUNT OF ANNUAL SALES			
	Less than \$20,000			
	1941		1944	
	Owned	Rented	Owned	Rented
GENERAL INFORMATION				
1. Number of Stores Reporting	41	26	41	26
2. Total Sales	\$416,780	\$286,449	\$625,019	\$477,865
3. Average Sales Per Store	10,165	11,017	15,244	18,379
Total Inventory Reported,				
4. Beginning of Year	40,453	23,063	44,203	30,069
5. End of Year	45,000	27,084	47,785	34,318
6. Average for Year	42,727	25,074	45,994	32,194
Average Inventory Per Store,				
7. End of Year	1,098	1,042	1,165	1,320
8. Cost of Goods Sold	351,762	241,477	537,516	405,230
9. Stock Turnover (times per year) ..	8.2	9.6	11.7	12.6
PROFIT AND LOSS DATA				
(Items Expressed As Percentages of Sales)				
10. Gross Trading Profit	15.6	15.7	14.0	15.2
Operating Expenses:				
11. Employees' Salaries and Wages ..	2.3	2.0	2.0	2.0
12. Rent	-	2.7	-	1.6
13. Advertising	0.1	0.1	(a)	0.1
14. Depreciation	0.8	0.6	0.6	0.4
15. Other Operating Expenses	3.9	3.3	3.2	2.7
16. Total Operating Expenses	7.1	8.7	5.8	6.8
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ..	8.5	7.0	8.2	8.4
18. Average Proprietor's Net Earn- ings Per Store	\$863	\$771	\$1,249	\$1,535

(a) Less than .05 per cent.

Table 2.--Grocery Stores - Operating Results for Stores Classified
According to 1941 Sales Size and Occupancy Basis, Canada, 1941 and 1944 (Cont.)

AMOUNT OF ANNUAL SALES								
\$20,000 - \$49,999				\$50,000 and Over				
1 9 4 1		1 9 4 4		1 9 4 1		1 9 4 4		
Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	
GENERAL INFORMATION								
11	27	11	27		14		14	1.
\$347,825	\$814,754	\$447,548	\$1,178,275		\$1,180,658		\$1,409,552	2.
31,620	30,176	40,686	43,640		84,333		100,681	3.
				SAMPLE		SAMPLE		
29,472	62,392	30,193	70,923		154,387		129,612	4.
33,582	70,933	32,986	79,757	TOO	172,297	TOO	150,740	5.
31,527	66,663	31,589	75,340		163,342		140,176	6.
				SMALL		SMALL		
3,053	2,627	2,999	2,954		12,307		10,767	7.
297,390	685,208	388,025	1,000,355		1,005,921		1,203,757	8.
9.4	10.3	12.3	13.3		6.2		8.6	9.
PROFIT AND LOSS DATA								
(Items Expressed As Percentages of Sales)								
14.5	15.9	13.3	15.1		14.8		14.6	10.
2.9	4.1	2.7	4.1		5.2		5.1	11.
-	1.5	-	1.1	SAMPLE	1.2	SAMPLE	1.0	12.
0.4	0.3	0.2	0.1		0.3		0.2	13.
0.7	0.5	0.7	0.4	TOO	0.3	TOO	0.2	14.
4.5	3.7	3.2	3.1		3.4		2.8	15.
				SMALL		SMALL		
8.5	10.1	6.8	8.8		10.4		9.3	16.
6.0	5.8	6.5	6.3		4.4		5.3	17.
\$1,909	\$1,754	\$2,637	\$2,731		\$3,738		\$5,319	18.

PART III - COMBINATION STORES (GROCERIES & MEATS)

Trends by Size of Business, 1944

Stores of this kind, as the name suggests, sell both groceries and fresh meats but by definition the smaller of the two kinds of commodities must not be below a certain percentage of their total sales. For small stores with annual sales below \$50,000 the percentage is 20 per cent while for larger stores the smaller of the two types of products must be at least 10 per cent of the dollar volume. Fruits and vegetables also are usually carried and frequently form an important department in this particular kind of food store.

Classified on this basis, the total sales of the combination stores reporting a breakdown of their sales by classes of commodities in the 1941 census were composed of food and kindred products to the extent of 91 per cent; cigars, cigarettes and tobacco to the extent of 2 per cent; while household supplies and miscellaneous merchandise, including beer and wine sales in the province of Quebec, made up the remaining 5 and 2 per cent of their total volume. Food and kindred products in turn were broken down into fresh and cooked meats forming 28 per cent of total store sales; fresh fruits and vegetables accounting for 12 per cent; dairy products and eggs with 10 per cent of store volumes; bakery products, and candy and confectionery with 2 per cent and 1 per cent; and all other food products which comprised 38 per cent of the total sales volumes.

A total of 175 reports on operating results in 1944 were received from combination stores co-operating in the survey. When classified in Table 1 into the ten sales-size and occupancy classifications of stores, however, only three reports were included in the grouping for rented stores with 1944 sales of less than \$10,000. No figures were therefore shown for this class of combination store, the sample being far too small for the statistics to be of practical value. In some of the nine remaining sales and occupancy classes of stores the number of reports is also definitely on the small side, there being five groupings made up of 15 reports or less, of which two contain only 9 and 6 reports. In these classifications especially the reader should consider the averages more as indicators than as accurate measures, and should compare them with ratios in other size and occupancy classes to see how they conform with the overall trends within the table.

Apart from the limitations imposed upon the statistics by the smallness of the samples, it should be noted that the operating results of combination stores are modified by the commodity composition of their sales. For in addition to handling the normal lines of the grocery store, the typical combination outlet also operates a fresh and cooked meats department. These products enjoy on average a much higher rate of stock turn than grocery products; usually carry higher initial mark ups on cost which, depending upon skill in eliminating wastes, permit higher gross trading profits to be realized from their sale; generally require more labor in preparing and selling; and also necessitate the use of more refrigeration and other facilities. Such conditions clearly influence the rates of stock turnover, the gross trading profit ratios and the expense percentages of combination stores. The reader may therefore find it informative and helpful in studying the results of combination stores to compare the statistics with the averages presented elsewhere in this bulletin for grocery stores and for meat markets.

Turning now to the operating results of combination grocery and meat stores presented in Table 1, it will be seen that the stock turnover ratios for the

nine sales and occupancy classes of outlets varied between a low of 8.2 and a high of 24.0 times in 1944. Among the five groups of owned stores there was a steady upward progression in the averages as the size of business increased. For the four classifications of rented stores, on the other hand, the movement was irregular, the averages rising from 12.9 times in the \$10,000 to \$20,000 sales size to the high of 24.0 times in the \$20,000 to \$30,000 group, then dropping to 18.5 and 17.1 times in the \$30,000 to \$50,000 and the \$50,000 and over sales categories. Reflecting the higher turnover ratios experienced in handling meat products, however, the average number of stock turns for combination stores was uniformly higher than those of the reporting grocery stores in each of the sizes of business from which comparisons can be made.

The stock turnover ratio of 24.0 times obtained by the 21 rented stores in the \$20,000 to \$30,000 size of business in 1944 seems definitely on the high side when compared with the average of 16.3 times for their owned counterparts and the figures of 12.9 and 18.5 times recorded by rented stores in the \$10,000 to \$20,000 and the \$30,000 to \$50,000 sales groupings. This high turnover ratio is probably due in principal part to factors associated with the Bureau's rules for defining combination grocery and meat stores. One of these rules provides that the smaller of grocery or meat sales must form at least 20 per cent of the total sales of stores of this size. Thus in extreme instances stores would be classified as combination outlets if their sales of groceries formed only 20 per cent or slightly more of their dollar volume. Examination of these 21 reports indicated that a number of such stores were included in the \$20,000 to \$30,000 sales category. These stores were thus characterized more by the trading features of meat markets with their relatively high stock turn and low ending inventories than of grocery and meat stores. The inclusion of their figures in the averages for this group was therefore principally responsible for the comparatively high turnover and low ending inventory averages shown in the table. It will be noted, however, that the \$20,000 to \$30,000 sales size was the only category in which this erratic distribution of reports was so pronounced.

Average ending inventories per store with one exception increased steadily as the size of business became greater. For owned stores, the average year-end stocks ranged between outside limits of \$611 and \$3,383 per store; and leaving out of the comparison the average ending inventory figure of \$921 for rented stores in the \$20,000 to \$30,000 sales size, whose unusual features have already been commented upon, the end-of-year stocks for rented outlets varied from \$1,083 per store in the \$10,000 to \$20,000 size of business to \$3,741 per unit in the \$50,000 and over class. Inspection of the figures for beginning and ending inventories shown in Table 1 indicates that total stocks at the end of the year were somewhat larger than at the start of 1944 in all of the nine sales and occupancy classifications. These increases in fact varied between 2.5 and 19.7 per cent of commencing stocks with an overall gain of about 8 per cent.

The gross trading profit percentages for owned and for rented combination grocery and meat stores presented in Table 1 for the most part moved downward as the size of business increased. In the case of the five groups of owned stores, the average for 1944 dropped from 21.8 per cent of total sales in the less than \$10,000 sales size to 16.8 in the \$10,000 to \$20,000 and the \$20,000 to \$30,000 groupings and thence downward again to 14.4 and 13.7 per cent in the \$30,000 to \$50,000 and the \$50,000 and over sales categories. For rented stores, the highest ratio of 19.5 per cent of sales is found in the \$10,000 to \$20,000 size of business, from which the averages declined to 15.6 and 14.8 per cent in the two larger groupings, from which it rose as an exception to the general trend to 15.7 per cent in the \$50,000 and over classification. A somewhat similar downward trend for 1944 is also

apparent in the gross profit ratios of grocery stores for 1944 where the highest percentages likewise were recorded by grocery stores in the smallest sales brackets.

In regard to the expenses, employees' salaries and wages ranged between a low of 1.2 and a high of 5.6 per cent of total sales in 1944. Apart from two exceptions, a clear trend is apparent for the payroll ratios to increase with expansions in the size-of-business classifications, a progression also in evidence in the payroll percentages for grocery stores. For owned combination stores, salaries and wages formed 1.6 per cent of sales in the less than \$10,000 sales-size, dropped to 1.2 per cent in the \$10,000 to \$20,000 grouping and then rose to 2.4, 3.1, and 5.3 per cent in the three larger sales categories. For rented stores the payroll ratio stood at the fairly high figure of 3.3 per cent in the \$10,000 to \$20,000 bracket, dropped to 2.6 per cent in the \$20,000 to \$30,000 size and then rose to 4.1 and 5.6 per cent of sales in the two larger sizes of business. Reflecting in part at least the influence of the meat departments upon the results of combination stores, the salary and wage ratios in six of the eight classifications for which comparisons can be made were higher than those recorded by grocery stores.

Rental expenses as percentages of total sales declined steadily with increases in the size of business. They were highest at 1.9 per cent in the \$10,000 to \$20,000 size class of rented stores and lowest at 0.9 per cent in the \$50,000 and over sales grouping, and in general were closely comparable with the rental ratios which grocery stores in the same sizes of business experienced in 1944. Advertising expenses as in the case of grocery stores comprised very small proportions of the sales dollars of the reporting combination stores, the percentages varying from 0.1 to 0.3 per cent of sales, with publicity expenditures in one classification being too small to be shown in the table.

Depreciation, a fixed expense for stores having equipment still to write-off, varied between a low of 0.4 per cent and a high of 1.4 of total sales. Apart from three exceptions, these ratios moved downward as the size of business increased. Owned stores naturally had the higher depreciation percentages because of the larger amounts of capital invested in their business. In many of the size and occupancy groupings, moreover, the averages for combination stores were somewhat greater than those of grocery stores, a reflection of the additional facilities required for the handling of fresh and cooked meats.

Other operating expenses, for which averages for the nine sales and occupancy classifications are presented in Table 1, ranged in 1944 between a low of 3.0 and a high of 5.7 per cent of total sales. Although the movement was irregular, the ratios for other operating expenses in both owned and rented combination stores tended to fall as the size of business increased. For owned stores the averages dropped from 5.7 per cent in the less than \$10,000 sales size to 4.2 in the next, rose to 5.4 and then decreased to 3.7 and 3.3 per cent in the two largest sizes of business; for rented stores the percentages declined from 4.5 per cent in the \$10,000 to \$20,000 sales grouping to 3.5 and 3.0 in the two larger sizes and then rose slightly to 3.1 per cent in the \$50,000 and over sales category. This trend, it may be noted, is much less apparent in the figures for grocery outlets. The presence of this relationship in the other operating expenses of the reporting combination stores may therefore be due at least partly to the fact that the operation of the meat department has added somewhat to the fixed costs included in this expense category which, as percentages, become smaller with increases in sales. Reflecting the greater expenses of operating the combination store, however, the ratios for the other operating expenses of this kind of outlet were somewhat higher in most of the sales and occupancy groups than the averages for the reporting grocery stores. The same comparison will also reveal that these ratios were higher for owned grocery,

and combination grocery and meat stores than for their rented counterparts, a fact which must be attributed to the higher occupancy expenses for repairs and maintenance, etc., which naturally tended to be higher for owned types of outlets.

Total operating expenses for the nine sales and occupancy groups of combination stores varied between 6.9 and 10.6 per cent of total sales in 1944, the low standing for owned establishments in the \$10,000 to \$20,000 sales-size and the high for rented stores in the same sales class. These averages, moreover, were greater than those obtained in 1944 by each of the sales and occupancy categories of reporting grocery stores for which comparisons can be made.

Although rather irregular in pattern, a tendency may be seen for the total expense ratios of combination stores to increase with expansions in the size-of-business classifications. For the four groups of rented stores, the series started with the high average of 10.6 per cent for the 13 stores in the \$10,000 to \$20,000 sales size, dropped to 8.2 in the next, and then rose to 8.8 and 10.3 per cent of sales in the \$30,000 to \$50,000 and the \$50,000 and over sales groupings. The high average of 10.6 per cent of sales relative to the ratio of 8.2 per cent in the next larger category, it may be noted, was due principally to the fact that the ratios for payroll costs and for other operating expenses, contrary to the general trend, were higher here than in the immediately following sales classification. Among the five categories of owned stores, the progression was thrown out of line by the large total expense ratios of 8.2 and 9.5 per cent of sales which were recorded by the 9 outlets in the less than \$10,000, and by the 6 establishments in the \$20,000 to \$30,000 sizes of business. These two averages were influenced in considerable degree by the comparatively high averages of 5.7 and 5.4 per cent of sales which represented other operating expenses in the same two categories. In all three instances, it is evident that the numbers of stores on which the somewhat unusual ratios were based were clearly too small to iron out fully the erratic results which some of them apparently obtained in the year under review.

Referring now to proprietor's net earnings before income taxes and withdrawals in Table 1, it will be seen that these percentages ranged in 1944 between a low of 4.4 and a high of 13.6 per cent of the total sales of the reporting combination stores. The net earnings ratios, however, became consistently smaller as the size of business increased, a trend principally due to the downward movement in the gross trading profit percentages. The sharpest drop in net earnings occurred between the less than \$10,000 and the \$10,000 to \$20,000 classifications of owned combination stores where the ratios declined from 13.6 to 9.9 per cent of sales. From this figure of 9.9 per cent for owned, and the average of 8.9 per cent recorded by rented stores in the same sales grouping, the ratios continued their steady decrease to 4.4 per cent for owned and 5.4 per cent for rented stores with 1944 sales of \$50,000 and over. A similar downward progression, it will be recalled, was also seen in the net earnings averages for grocery stores in 1944 but in that instance the recessions were due to the combined influences of the declining gross trading profit and the rising total expense percentages. It will also be noted from the comparison that the net earnings ratios for the various groups of reporting combination stores were somewhat higher in 1944 than those for grocery establishments in each of the sales and occupancy classifications for which comparisons can be made.

In dollar figures, average proprietor's net earnings per store for combination grocery and meat outlets varied between a low of \$833 and a high of \$3,977 per unit in 1944. As is to be expected, these averages became steadily larger as the size of business became larger. Not until the \$30,000 to \$50,000 sales size was reached, however, did the dollar figures exceed \$2,000 per store where average net earnings of \$2,607 and \$2,416 per owned and rented establishment were attained. In

the \$50,000 and over sales classifications the averages stood at \$3,082 and \$3,977 per unit to obtain which average sales of \$70,370 and \$73,726 per owned and rented store were made in 1944.

Operating Results of Continuing Stores in 1941 and 1944 Compared

Only 91 of the 175 reports received from co-operating combination grocery and meat stores were able to provide figures on their operating results in both 1941 and 1944. These reports have therefore been classified into only three sales classifications and the statistics for these groupings are presented in Table 2. Here it is necessary to note that the 91 reports have been assigned to their sales and occupancy grouping for 1941 and 1944 entirely on the basis of the volume of business transacted in the earlier year and without regard to the sales they obtained in the later period. This method permits the trends in operating results between 1941 and 1944 to be determined for the identical retail establishments. It must be stated, however, that the trends so noted are not necessarily indicative of the trends of all continuing combination stores because of the comparatively small samples upon which the figures are based.

A glance at the total sales figures shown in Table 2 is sufficient to indicate that owned and rented stores in each of the three sales-size classifications experienced sharply higher sales volumes in 1944 than in 1941. Indeed these increases over 1941 levels amounted to about 42 per cent in the less than \$20,000, and the \$20,000 to \$50,000 sales categories, and to about 27 per cent in the \$50,000 and over grouping. Rented store sales gained by about 56 and 51 per cent in the two smaller sales brackets and by around 28 per cent in the largest size of business. Overall an expansion of about 39 per cent was recorded in the sales of the reporting combination grocery and meat stores over their dollar volumes in the earlier year.

This compares with an increase of 28 per cent which is shown for those years in the Bureau's monthly indexes of a much larger sample of continuing food stores. It is true, of course, that the Bureau's monthly sales indexes give due representation to grocery, combination, and meat market stores, which are composed of both independent and chain store types of food outlets. These kinds and types may well have experienced different rates of expansion during the wartime period and their varying rates of gain may thus have averaged down to some extent the trend which would have appeared if only combination stores had been used. It is probable, nevertheless, that the more restricted sample of combination stores providing operating cost data in the recent survey was biased in some degree so that on average they experienced somewhat greater increases in sales than those which reported monthly sales figures for the construction of the Bureau's indexes of retail sales. Some allowances should, therefore, be made for this situation when comparisons are made with the statistics on operating results which are shown in Table 2.

Due to the major increases in sales which the reporting combination stores enjoyed, the rates of stock turnover were higher in 1944 than in 1941 in all six of the sales and occupancy classes of stores. During the earlier year, the rates of stock turn varied between 8.2 and 19.0 times while in 1944 the ratios ranged between lower and upper limits of 10.7 and 25.8 times per year. Inventory levels, as seen from changes in average year-end inventories per store, were higher in five of the six groupings in 1944 than in 1941 by ratios ranging between 7 and 21 per cent of the 1941 dollar averages. In one classification, that of owned stores with 1941 sales of \$50,000 or over, a decline of about 7 per cent was experienced. There was, however, an increase of about 13 per cent in the cost-of-living indexes of food

prices, and it is therefore rather unlikely that the groups of stores reporting dollar gains in inventories experienced similar percentage gains in the physical quantities of merchandise they held in stock.

Average gross trading profit ratios for the six groups of stores in 1944 were consistently lower than those obtained by the reporting combination outlets in 1941. During the earlier year the averages varied between 15.6 and 24.0 per cent of total sales with four of them included within the narrower limits of 15.6 and 17.3 per cent of the dollar volumes. In 1944 the six ratios were grouped between 13.8 and 22.2 per cent of total sales, again with the same four inner averages ranging between 13.8 and 15.9 per cent of the business transacted. Overall the six declines in rates of gross profit amounted to between 0.7 and 2.0 percentage points, figures which are fairly significant when related to the averages obtained in 1941. This downward movement, it will be recalled, was also in evidence in the average gross margins of grocery stores, the statistics for which appear in Table 2 of the preceding section of this bulletin.

Total operating expense ratios for each of the six classifications of combination stores were lower in 1944 than in 1941, a trend also in evidence in the figures for reporting grocery outlets. In 1941 these averages ranged between 10.2 and 13.1 per cent of sales and in 1944 extended between the lower figures of 8.3 and 10.8 per cent of the dollar volumes. The greatest decrease between the two years amounted to 2.4 and the lowest to 1.2 percentage points, while three of the six ratios recorded declines of 2.0 percentage points or more. By size of business, on the other hand, total operating expenses as percentages of sales with but one exception became steadily higher as the sales-size groupings became larger.

Proprietor's net earnings before income taxes and withdrawals as percentages of sales were higher in four of the six sales and occupancy classes of stores in 1944 than in 1941. This of course was clearly due to the fact that the declines in the total expense ratios exceeded the decreases which occurred in gross trading profit percentages between the two years. In two instances -- that of owned stores in less than \$20,000, and of rented stores in the \$50,000 and over sales classes -- the rates of net earnings were slightly lower and conversely resulted from the fact that the fall in gross trading profit margins were here somewhat greater than the contraction in the total expense ratios. Overall the net earnings percentages in 1941 varied between 2.6 and 13.8 per cent of sales against outside limits for 1944 of 4.1 and 13.2 per cent of the total dollar volumes. With but one exception, moreover, the rates of net earnings in both years became smaller as the size of business increased.

Dollar figures for average proprietor's net earnings per store were all considerably higher in 1944 than in 1941, and with one exception also became larger as the progression moved from the smaller to the larger sales-size groupings. Including both the rewards for the proprietor's clerical services and the return in the form of net profits, the six averages ranged between a low of \$968 and a high of \$3,920 per store in 1941, and a low and high of \$1,321 and \$4,462 in 1944.

In regard to the individual expense items, salaries and wages with one exception were moderately lower in the more recent year. These decreases varied from 0.2 to 1.1 percentage points for the five sets of ratios in which the declines can be noted. Such decreases while significant in relation to the size of the 1941 payroll ratios were all much lower than the relative increases in sales which were recorded between the two years, and as a consequence the average dollar payroll per store was in fact somewhat larger in 1944 than in 1941. In summary, the six payroll ratios for owned and rented combination stores had outside limits of 1.6 and

7.2 per cent of sales in 1941 against outside limits of 1.8 and 6.2 per cent of the dollar volumes in 1944, and in both years became steadily larger with increases in the size of business.

Rentals claimed a smaller proportion of the sales dollar of rented stores in 1944 than in 1941, a trend resulting naturally from the sharp increases in sales which the three size-of-business groups of stores had experienced. During 1941 the ratios for the three size classes varied between 1.9 and 1.1 per cent of sales while in 1944 the averages ranged between 1.4 and 0.8 per cent, with steady declines apparent as the size of business expanded.

Advertising expenses for the owned and rented groups of stores were very small in both years ranging between 0.1 and 0.4 per cent of sales in the earlier period and between the lower limits of from less than 0.1 per cent to 0.3 per cent in 1944. Depreciation allowances also followed the same downward trend between the two wartime years. In 1941, for instance, the six percentages for this expense varied from a low of 0.6 to a high of 1.6 per cent of sales, while in 1944 the ratios of 0.5 and 1.4 per cent stood as the outside limits for these averages. In both years, moreover, these averages declined as the size of business became larger and, as is to be expected, the ratios were somewhat higher for owned than for rented combination outlets.

Other operating expenses, the miscellaneous or residual category, likewise adhered to the general trend and were lower in 1944 than in the earlier year. For 1941, the six averages for owned and rented stores varied from a low of 3.0 to a high of 6.9 per cent of total sales which compares with limits of 3.0 and 5.7 per cent of the dollar volumes. With but two exceptions, the ratios recorded progressive decreases as the sales size groupings became larger, a downward movement also apparent in the figures shown in Table 1 for 1944. Probably reflecting the influence of the operations of the meat department upon this expense category, the percentages for other operating expenses were higher than those of grocery stores in eight of the ten categories for which comparisons can be made in the results for 1941 and 1944.

STATISTICS
ON
OPERATING RESULTS
OF
COMBINATION GROCERY AND MEAT STORES

**Table 1.-Combination Grocery and Meat Stores - Operating Results for Stores
Classified According to 1944 Sales Size and Occupancy Basis, Canada, 1944**

Item	AMOUNT OF ANNUAL SALES			
	Less than \$10,000		\$10,000 to \$19,999	
	Owned	Rented	Owned	Rented
GENERAL INFORMATION				
1. Number of Stores Reporting	9		15	13
2. Total Sales	\$55,282		\$222,741	\$212,305
3. Average Sales Per Store	6,142		14,849	16,331
Total Inventory Reported,		SAMPLE		
4. Beginning of Year	4,986		13,589	12,480
5. End of Year	5,499	TOO	16,479	14,082
6. Average for Year	5,243		15,034	13,281
Average Inventory Per Store,		SMALL		
7. End of Year	611		1,099	1,083
8. Cost of Goods Sold	43,231		185,321	170,906
9. Stock Turnover (times per year) ..	8.2		12.3	12.9
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)				
10. Gross Trading Profit	21.8		16.8	19.5
Operating Expenses:				
11. Employees' Salaries and Wages ..	1.6		1.2	3.3
12. Rent		SAMPLE	-	1.9
13. Advertising	(a)		0.1	0.1
14. Depreciation	0.3	TOO	1.4	0.8
15. Other Operating Expenses	5.7		4.2	4.5
		SMALL		
16. Total Operating Expenses	8.2		6.9	10.6
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...	13.6		9.9	8.9
18. Average Proprietor's Net Earn- ings Per Store	\$833		\$1,465	\$1,459

(a) Less than .05 per cent.

Table 1.--Combination Grocery and Meat Stores - Operating Results for Stores Classified According to 1944 Sales Size and Occupancy Basis, Canada, 1944 (Cont.)

AMOUNT OF ANNUAL SALES						
\$20,000 to \$29,999		\$30,000 to \$49,999		\$50,000 and Over		
Owned	Rented	Owned	Rented	Owned	Rented	
GENERAL INFORMATION						
6	21	13	30	23	42	1.
\$140,557	\$495,958	\$505,236	\$1,204,342	\$1,618,521	\$3,096,510	2.
23,426	23,617	38,864	40,145	70,370	73,726	3.
6,905	15,536	24,546	52,508	71,952	148,105	4.
7,459	19,349	25,186	58,340	77,800	157,133	5.
7,182	17,443	24,866	55,424	74,876	152,619	6.
1,243	921	1,937	1,945	3,383	3,741	7.
116,943	418,589	432,482	1,026,099	1,396,784	2,610,358	8.
16.3	24.0	17.4	18.5	18.7	17.1	9.
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)						
16.8	15.6	14.4	14.8	13.7	15.7	10.
2.4	2.6	3.1	4.1	5.3	5.6	11.
-	1.5	-	1.1	-	0.9	12.
0.3	0.1	0.1	0.2	0.1	0.2	13.
1.4	0.5	0.8	0.4	0.6	0.5	14.
5.4	3.5	3.7	3.0	3.3	3.1	15.
9.5	8.2	7.7	8.8	9.3	10.3	16.
7.3	7.4	6.7	6.0	4.4	5.4	17.
\$1,719	\$1,738	\$2,607	\$2,416	\$3,082	\$3,977	18.

Table 2.--Combination Grocery and Meat Stores - Operating Results for Stores Classified According to 1941 Sales Size and Occupancy Basis, Canada, 1941 and 1944

Item	AMOUNT OF ANNUAL SALES			
	Less than \$20,000			
	1 9 4 1		1 9 4 4	
	Owned	Rented	Owned	Rented
GENERAL INFORMATION				
1. Number of Stores Reporting	14	16	14	16
2. Total Sales	\$98,506	\$227,742	\$139,403	\$354,534
3. Average Sales Per Store	7,036	14,234	9,957	22,158
Total Inventory Reported,				
4. Beginning of Year	9,026	12,080	9,142	15,753
5. End of Year	9,184	15,963	11,121	19,069
6. Average for Year	9,105	14,022	10,132	17,411
Average Inventory Per Store,				
7. End of Year	656	998	794	1,192
8. Cost of Goods Sold	74,865	188,343	108,456	298,872
9. Stock Turnover (times per year) ..	8.2	13.4	10.7	17.2
PROFIT AND LOSS DATA (Items Expressed AS Percentages of Sales)				
10. Gross Trading Profit	24.0	17.3	22.2	15.7
Operating Expenses				
11. Employees' Salaries and Wages ..	1.6	3.1	1.8	2.9
12. Rent	-	1.9	-	1.4
13. Advertising	0.1	0.1	0.1	(a)
14. Depreciation	1.6	0.7	1.4	0.6
15. Other Operating Expenses	6.9	4.6	5.7	3.5
16. Total Operating Expenses	10.2	10.4	9.0	8.4
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...	13.8	6.9	13.2	7.3
18. Average Proprietor's Net Earn- ings Per Store	\$968	\$975	\$1,321	\$1,612

(a) less than .05 per cent.

Table 2.--Combination Grocery and Meat Stores - Operating Results for Stores
Classified According to 1941 Sales Size and Occupancy Basis, Canada, 1941 and 1944
(Cont.)

AMOUNT OF ANNUAL SALES							
\$20,000 - \$49,999				\$50,000 and Over			
1 9 4 1		1 9 4 4		1 9 4 1		1 9 4 4	
Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented

GENERAL INFORMATION

18	23	18	23	7	13	7	13	1.
\$595,386	\$799,005	\$843,719	\$1,206,902	\$433,404	\$955,873	\$549,018	\$1,221,430	2.
33,077	34,739	46,873	52,474	61,915	73,529	78,431	93,956	3.
43,572	46,683	45,614	51,211	19,351	55,469	18,611	81,063	4.
46,421	54,336	49,675	59,993	19,059	66,495	17,673	75,205	5.
44,997	50,509	47,645	55,602	19,205	60,982	18,142	78,134	6.
2,579	2,362	2,760	2,608	2,723	5,115	2,525	5,785	7.
502,506	666,370	727,286	1,015,005	365,360	787,639	467,763	103,089	8.
11.2	13.2	15.3	18.3	19.0	12.9	25.8	13.2	9.

PROFIT AND LOSS DATA
(Items Expressed As Percentages of Sales)

15.6	16.6	13.8	15.9	15.7	17.6	14.8	15.6	10.
4.7	5.7	4.0	5.2	6.7	7.2	5.6	6.2	11.
-	1.5	-	1.0	-	1.1	-	0.8	12.
0.3	0.3	0.2	0.2	0.2	0.4	0.1	0.3	13.
0.9	0.6	0.6	0.5	0.6	0.6	0.6	0.5	14.
4.6	3.7	3.5	3.2	5.6	3.0	4.4	3.0	15.
10.5	11.8	8.3	10.1	13.1	12.3	10.7	10.8	16.
5.1	4.8	5.5	5.8	2.6	5.3	4.1	4.8	17.
\$1,678	\$1,676	\$2,576	\$3,056	\$1,630	\$3,920	\$3,187	\$4,462	18.

PART IV - MEAT MARKET STORES

Trends by Size of Business, 1944

These stores by definition are engaged primarily in handling fresh meats and may also sell poultry, fish, dairy products and eggs. Dry groceries may be sold in limited quantities but if such sales exceed 20 per cent of the total business, the establishment is considered to be a combination grocery and meat store. On this basis, then, the meat market stores reporting a breakdown of their sales by commodity classes for the 1941 Census of Merchandising showed in total the following percentage distribution of their dollar volume; fresh fruits and vegetables, 3.3 per cent; fresh and cooked meats including poultry and fish products, 86.5 per cent; dairy products and eggs, 5.2 per cent; all other food products, 4.6 per cent; and miscellaneous merchandise, 0.4 per cent of their total sales.

In all, a total of 182 reports were received from meat markets co-operating in the survey of operating results for 1944. When classified into the ten sales and occupancy groupings, however, only 5 reports were included in the less than \$10,000 sales class for owned stores. This was considered to be too small for the data to be of practical value and no figures are therefore shown for this category in the table. In several other brackets the sample is also quite small, for in four of the nine remaining sales sizes the returns numbered between 9 and 13 reports. The statistics, especially in these four groupings, must therefore be treated more as indicators than as accurate measures of the operating results achieved by stores in the different sales and occupancy groupings of meat markets.

Coming now to the averages on operating results, it will be seen that the nine stock turnover ratios ranged between a low of 29.0 and a high of 63.6 times in 1944, the middle seven falling within the limits of 36.8 and 54.5 times per year. Reflecting the perishable nature of the commodities being handled and the high level of repeat demand they experienced, the turnover ratios were all comparatively high and showed virtually no tendency to vary either directly or inversely with changes in the size of business. Average year-end inventories per store, as is to be expected, were all quite small but of course increased steadily with increases in the size of business, the outside limits amounting to values of \$144 and \$3,018 per store at the end of 1944. Both of these figures, however, may be somewhat erratic because both averages are based on only 9 reports, and the presence or absence of receipts of goods on or just before the close of the year could influence them to a considerable degree. Changes in total inventories reported from beginning-of-year levels were upward in six of the nine groupings, downward in two and stable in one, the variations in fact ranging from a decline of about 12 per cent to an increase of around 18 per cent of opening valuations.

Gross trading profit percentages for the nine groupings of meat markets varied between lower and upper limits of 16.0 and 22.0 per cent of total sales, and were featured by a moderate, though irregular, tendency to decrease as the size-of-business categories became larger. All of the averages, moreover, were larger than the gross trading ratios obtained by the corresponding sales and occupancy groupings of grocery and of combination stores, the figures for which are presented in Table 1 of Sections II and III of this bulletin. These differences, of course, reflect partly the lower rates of gross profit realized from the sale of many lines of grocery products, and partly the fact that more labour and other costs are involved in handling meats which in turn require higher initial mark ups to carry the added expenses.

Among the operating expenses, salaries and wages disbursed to paid employees formed percentages of total sales ranging between 2.0 and 6.7 per cent of sales in 1944. Indicative of the greater requirements for paid help and the decreasing relative importance of the proprietor's clerical services, the averages moved consistently higher as the sales-size groupings became larger. These payroll ratios, it may also be noted, were higher than those recorded in most of the corresponding sales and occupancy groupings of grocery and of combination stores.

Rentals, an occupancy expense of a comparatively fixed nature, was highest for rented stores in the less than \$10,000 sales classification at 3.4 per cent of sales in 1944. From this point it decreased steadily with expansions in business to only 1.1 per cent of sales for stores with annual sales volumes of \$50,000 or over. Advertising expenses were very low in most of the nine groupings of owned and rented stores with all but one of the averages standing at 0.1 per cent of total sales or less. Depreciation allowances, on the other hand, were somewhat larger in all nine sales and occupancy categories, the outside limits for which amounted to 0.5 and 1.3 per cent of the dollar volumes. These percentages, it will be observed, exhibited a general although slightly irregular tendency to decrease with expansions in sales volumes, a fact suggesting the more intensive use which the larger reporting stores were able to make of their fixed assets. The depreciation ratios, moreover, were somewhat greater for owned than for rented meat markets, a relationship which of course reflects the greater investments of the owners in their store properties. Due probably to the greater requirements for refrigeration facilities, the depreciation expense ratios for meat markets were somewhat larger than those of grocery and combination stores in the sales groupings for which comparisons can be made.

Consisting of the remaining types of operating expenses and including among others such items as supplies, communication, interest on borrowed money, bad debts, repairs, taxes and insurance, and light, heat and power, other operating expenses in the nine sales and occupancy groupings varied between a low of 3.4 and a high of 5.7 per cent of total sales in 1944. Viewing the ratios from the standpoint of trends by size of business, the averages moved irregularly downward as the sales-size groupings became larger; and by type of occupancy, the percentages were consistently higher for the owned classes of stores, a reflection of the greater expenditures which such outlets were required to make for taxes and insurance, repairs, and for the other expenses which property ownership entails. In most of the classifications for which comparisons can be made, it may also be noted that the ratios for other operating expenses were higher for meat markets than for either the reporting grocery or combination stores.

Total operating expenses, consolidating the individual expense categories just described, varied narrowly between outside limits of 9.8 and 12.0 per cent of total sales in 1944. For owned stores there was a fairly evident upward trend in the ratios as size of business increased, the averages rising from 9.8 per cent in the \$10,000 to \$20,000 grouping to 10.0 and 12.0 in the two following size categories, thereafter dropping slightly to 11.9 per cent in the \$50,000 and over sales grouping. In the case of rented outlets, on the other hand, the upward progression was much less evident, the averages here moving downward from 11.2 per cent in the under \$10,000 sales size to 10.3 per cent in the \$10,000 to \$20,000 bracket, then rising to 10.8, declining again to 9.8 and increasing finally to 11.5 per cent of sales in the \$50,000 and over sales class. These ratios, however, were greater than those recorded by grocery and combination stores in most of the sales and occupancy classifications for which comparisons can be made.

Proprietor's net earnings before income taxes and withdrawals, including both the net profit return and the reward for the operator's clerical services,

ranged in 1944 between a low of 4.2 and a high of 10.8 per cent of total sales. Overall, there was a clear downward trend in the rate of net earnings as the size of business became larger with only one exception in this progression to be noted in the averages. In dollar figures, however, average proprietor's net earnings per store with but one exception moved steadily higher as the sales-size groupings expanded. For owned stores this upward movement began with the average of \$1,306 per store in the \$10,000 to \$20,000 sales bracket, rose to \$2,491 in the \$20,000 to \$30,000 size, then dropped slightly to \$2,265 in the \$30,000 to \$50,000 size of business, and increased again to \$4,723 per outlet for stores in the \$50,000 and over class where average sales of \$111,481 per outlet were experienced. For rented stores, the average amounted to \$737 per outlet in the under \$10,000 classification from which it rose to \$1,512, \$1,806 and \$2,312 per unit in the next three sales sizes and reached its high of \$4,198 per store in the largest sales grouping in which average sales amounted to \$81,511 per store in 1944.

STATISTICS
ON
OPERATING RESULTS
OF
MEAT MARKETS

Meat Markets--Operating Results for Stores Classified
According to 1944 Sales Size and Occupancy Basis, Canada, 1944.

Item	AMOUNT OF ANNUAL SALES			
	Less than \$10,000		\$10,000 to \$19,999	
	Owmed	Rented	Owmed	Rented
GENERAL INFORMATION				
1. Number of Stores Reporting		9	19	26
2. Total Sales		\$61,359	\$292,187	\$389,320
3. Average Sales Per Store		6,818	15,378	14,974
Total Inventory Reported,	SAMPLE			
4. Beginning of Year		1,300	6,247	5,911
5. End of Year	TOO	1,300	6,461	6,269
6. Average for Year		1,300	6,354	6,090
Average Inventory Per Store,	SMALL			
7. End of Year		144	340	241
8. Cost of Goods Sold		47,860	238,717	309,899
9. Stock Turnover (times per year) ..		36.8	37.6	50.9
PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)				
10. Gross Trading Profit		22.0	18.3	20.4
Operating Expenses:				
11. Employees' Salaries and Wages ..		2.0	2.7	3.1
12. Rent	SAMPLE	3.4	-	1.9
13. Advertising		0.1	0.1	0.1
14. Depreciation	TOO	0.8	1.3	0.6
15. Other Operating Expenses		4.9	5.7	4.6
	SMALL			
16. Total Operating Expenses		11.2	9.8	10.3
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...		10.8	8.5	10.1
18. Average Proprietor's Net Earn- ings Per Store		\$737	\$1,306	\$1,512

Meat Markets--Operating Results for Stores Classified
According to 1944 Sales Size and Occupancy Basis, Canada, 1944 (Cont.)

AMOUNT OF ANNUAL SALES					
\$20,000 to \$29,999		\$30,000 to \$49,999		\$50,000 and Over	
Owned	Rented	Owned	Rented	Owned	Rented

GENERAL INFORMATION						
10	20	13	26	9	45	1.
\$255,390	\$480,529	\$529,777	\$960,441	\$1,003,330	\$3,667,978	2.
25,539	24,026	40,752	36,940	111,481	81,511	3.
3,388	7,739	10,346	11,914	30,920	65,370	4.
4,129	8,809	10,073	13,440	27,165	66,171	5.
3,759	8,274	10,210	12,677	29,043	65,770	6.
413	440	775	517	3,018	1,470	7.
204,823	392,592	436,536	806,770	841,794	3,059,094	8.
54.5	47.4	42.8	63.6	29.0	46.5	9.

PROFIT AND LOSS DATA
(Items. Expressed As Percentages of Sales)

19.8	18.3	17.6	16.0	16.1	16.6	10.
4.2	3.9	5.6	4.3	6.7	6.1	11.
-	1.6	-	1.4	-	1.1	12.
(a)	0.1	0.1	0.1	0.4	0.1	13.
0.9	0.6	1.0	0.6	0.7	0.5	14.
4.9	4.6	5.3	3.4	4.1	3.7	15.
10.0	10.8	12.0	9.8	11.9	11.5	16.
9.8	7.5	5.6	6.2	4.2	5.1	17.
\$2,491	\$1,806	\$2,265	\$2,312	\$4,723	\$4,198	18.

(a) Less than .05 per cent.

PART V - FRUIT AND VEGETABLE STORES'

Trends by Size of Business, 1944

These stores by definition specialize in handling fresh fruits and vegetables with 50 per cent or more of their sales consisting of such commodities. Stores selling a combination of fruits, vegetables, groceries, candy and confectionery, tobacco, magazines, etc., are also included in this kind of business provided two requirements are met. These are that the sales of fruits and vegetables must comprise at least 40 per cent of the total volume, and that sales of fruits and vegetables together must be larger than the sales of grocery items. So classified, the sales of fruits and vegetables of the stores reporting a commodity breakdown of their dollar volume in the 1941 Census of Merchandising formed 79.6 per cent of their total sales; and the balance consisted of bakery products, candy and confectionery to the extent of 1.3 per cent, fresh and cooked meats, 2.0 per cent; dairy products and eggs, 2.0 per cent; other food products, 12.7 per cent; and miscellaneous merchandise including tobaccos 2.4 per cent of total sales.

A total of 105 usable reports were received from fruit and vegetable stores co-operating in this survey. When classified by sizes of business and within these by owned and rented stores, however, it became evident that the numbers of owned establishments were much too small in each of the five sales groupings to permit averages to be shown in the following table. Figures are therefore shown only for the five classes of rented fruit and vegetable stores and these are based on the reports of only 92 stores.

In regard now to the operating results of rented fruit and vegetable outlets, it will be seen that the stock turnover ratios varied between a low of 10.1 and a high of 30.8 times in 1944. These averages, as will be noted from the table, moved up from 10.1 times in the less than \$10,000 sales class to 15.2 in the next and to the high of 30.8 in the \$20,000 to \$30,000 size of business, dropped to 16.7 in the \$30,000 to \$50,000 grouping, and again rose to the high of 30.8 times in the \$50,000 and over sales size. Such ratios, as has been pointed out previously, are calculated by dividing into the cost of goods sold the average of the inventories reported for the beginning and end of the year. At those times the stocks of salable merchandise usually are relatively small, and unusually small inventories at these dates can therefore cause disproportionately high stock turnover figures for the entire year to be shown. It is to this circumstance that the comparatively high average turnover of 30.8 times shown in the \$20,000 to \$30,000 and the \$50,000 sales classes must be attributed, for examination of the reports in these categories indicates the presence of a number of stores with relatively small quantities of goods on hand at either or both the beginning and ending of 1944. These in turn have pulled up the average to the 30.8 times which is shown in these two sizes of business.

Average inventories per store at the end of 1944 were quite small in each of the five size classes of rented fruit and vegetable stores. With one exception, however, the averages generally became larger as the sizes of business increased. Thus, average ending inventories amounting to \$729 per store in the less than \$10,000 sales size increased to \$868 per store in the \$10,000 to \$20,000 grouping, then dropped to \$646 per outlet in the \$20,000 to \$30,000 sales class, from which it rose sharply to \$2,101 in the \$30,000 to \$50,000 and to \$2,479 in the \$50,000 and over sales categories. In the \$20,000 to \$30,000 and the \$50,000 and over sales groupings, it will be remembered, the stock turnover averages each stood at 30.8 times, and it is here that the unusually small ending inventories of a number of

stores have also influenced the rather small ending inventory averages of \$646 and \$2,479 which are there shown. Changes in inventory levels from beginning to end-of-year periods lose some of their importance in the case of fruit and vegetable stores because of comparative smallness of the stocks which are carried. With but one exception, however, the total inventories reported for the end of the year were somewhat larger than at the beginning, the relative changes for the five sales sizes in fact varying between a decrease of about 4 per cent and a maximum increase of around 26 per cent for an overall average increase of approximately 17 per cent of total beginning inventories.

Gross trading profits in 1944 ranged between 15.2 and 19.5 per cent of total sales for the five sales-size groups of rented fruit and vegetable stores. An upward tendency in these averages may be noted in the three smaller sales categories where the ratios rose from 17.3 per cent in the less than \$10,000 size of business to 18.1, and then to the high of 19.5 per cent in the \$20,000 to \$30,000 classification. Thereafter, the gross trading profit percentages dropped to 17.6 per cent in the \$30,000 to \$50,000 and to the low of 15.2 per cent of sales in the grouping for stores with sales of \$50,000 or over in 1944.

Salaries and wages of paid employees as percentages of total sales moved steadily higher as the size of business increased, with the ratios varying between 0.9 per cent in the less than \$10,000 sales group to 3.9 per cent in the \$50,000 and over size of business. This upward progression, of course, reflects the decreasing relative importance of the proprietor's clerical services and the increasing requirements for paid help as the size of these stores became larger.

The trend for the rentals percentages, however, was in the opposite direction, a direct reflection of the fact that the expenditures for rentals were being spread over larger sales volumes. These averages, it may be noted, ranged downward from a high of 4.0 per cent of total sales in the less than \$10,000 sales grouping to a low of 2.1 per cent in the \$50,000 and over sales class. Advertising costs, a controllable expense, were very small in all five sizes of business. Indeed in only the three largest sales classes were they large enough to be shown, in each of which advertising amounted to only 0.1 per cent of sales in 1944.

Depreciation allowances, on the other hand, are relatively fixed dollar expenses which depend upon the extensiveness and cost of the fixed assets used in the store rather than directly upon the amount of business transacted. These expenses therefore decreased in importance as the sales-size groups grew larger, the ratios dropping from 0.7 per cent of sales in the less than \$10,000 sales category to 0.2 per cent of the dollar volume for rented fruit and vegetable stores with 1944 sales of \$50,000 or over. Other operating expenses including all store operating expenses not mentioned previously were irregular in pattern when expressed as percentages of the total sales in these five classifications of rented stores. Thus the ratios increased from 3.9 in the less than \$10,000 size of business to 4.0 in the next and to 4.3 in the \$20,000 to \$30,000 sales grouping and then declined to 3.6 per cent in the \$30,000 to \$50,000 and the \$50,000 and over sales categories.

Total operating expense ratios for the five classes of fruit and vegetable stores varied between the narrow outside limits of 9.5 and 10.7 per cent of total sales. These averages moved upward from 9.5 per cent in the less than \$10,000 sales grouping to 10.0 and 10.7 per cent of sales in the \$10,000 to \$20,000 and the \$20,000 to \$30,000 sizes of business. At this point, however, a decreasing tendency is apparent for the ratios dropped to 10.3 and 9.9 per cent of sales in the \$30,000 to \$50,000 and the \$50,000 and over classifications, the contraction in the percentages for rent, depreciation, and other operating expenses more than offsetting the continued expansions in the payroll ratios.

Proprietor's net earnings before income taxes or withdrawals varied between averages of 5.3 and 8.8 per cent of total sales in 1944. These averages rose in the three smaller sizes from 7.8 per cent of sales in the less than \$10,000 to 8.8 per cent in the \$20,000 to \$30,000 sales groupings but thereafter dropped to 7.3 and 5.3 per cent in the \$30,000 to \$50,000, and the \$50,000 and over classifications, declines due to the contractions which the gross trading profit ratios experienced in the two largest sizes of business. In terms of dollars, on the other hand, average proprietor's net earnings per store consistently expanded with increases in amount of sales made, the figures ranging upward from \$706 per outlet in the smallest to \$4,145 in the largest sales-size classification. Not until the \$20,000 to \$30,000 sales size was reached, however, did net earnings cross the \$2,000 per store level where an average of \$2,172 per rented outlet was recorded for this classification.

STATISTICS
ON
OPERATING RESULTS
OF
FRUIT AND VEGETABLE STORES

Fruit and Vegetable Stores--Operating Results for Stores Classified
According to 1944 Sales Size and Occupancy Basis, Canada, 1944

Item	AMOUNT OF ANNUAL SALES			
	Less than \$10,000		\$10,000 to \$19,999	
	Owned	Rented	Owned	Rented

GENERAL INFORMATION

1. Number of Stores Reporting		7		19
2. Total Sales		\$63,525		\$284,072
3. Average Sales Per Store		9,075		14,951
Total Inventory Reported,	SAMPLE		SAMPLE	
4. Beginning of Year		5,327		14,068
5. End of Year	TOO	5,105	TOO	16,499
6. Average for Year		5,216		15,284
Average Inventory Per Store,	SMALL		SMALL	
7. End of Year		729		868
8. Cost of Goods Sold		52,535		232,655
9. Stock Turnover (times per year) ..		10.1		15.2

PROFIT AND LOSS DATA
 (Items Expressed As Percentages of Sales)

10. Gross Trading Profit		17.3		18.1
Operating Expenses:				
11. Employees' Salaries and Wages ..		0.9		2.6
12. Rent	SAMPLE	4.0	SAMPLE	2.8
13. Advertising		(a)		(a)
14. Depreciation	TOO	0.7	TOO	0.6
15. Other Operating Expenses		3.9		4.0
	SMALL		SMALL	
16. Total Operating Expenses		9.5		10.0
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...		7.8		8.1
18. Average Proprietor's Net Earn- ings Per Store		\$706		\$1,206

(a) Less than .05 per cent.

Fruit and Vegetable Stores--Operating Results for Stores Classified
According to 1944 Sales Size and Occupancy Basis, Canada, 1944 (Cont.)

AMOUNT OF ANNUAL SALES					
\$20,000 to \$29,999		\$30,000 to \$49,999		\$50,000 and Over	
Owned	Rented	Owned	Rented	Owned	Rented

GENERAL INFORMATION

	20		24		22	1.
	\$492,655		\$947,523		\$1,718,292	2.
	24,633		39,480		78,104	3.
SAMPLE		SAMPLE		SAMPLE		
	12,828		43,266		40,141	4.
TOO	12,922	TOO	50,417	TOO	54,529	5.
	12,875		46,842		47,335	6.
SMALL		SMALL		SMALL		
	646		2,101		2,479	7.
	396,587		780,759		1,457,112	8.
	30.8		16.7		30.8	9.

PROFIT AND LOSS DATA

(Items Expressed As Percentages of Sales)

	19.5		17.6		15.2	10.
	3.2		3.8		3.9	11.
SAMPLE	2.7	SAMPLE	2.4	SAMPLE	2.1	12.
	0.1		0.1		0.1	13.
TOO	0.4	TOO	0.4	TOO	0.2	14.
	4.3		3.6		3.6	15.
SMALL		SMALL		SMALL		
	10.7		10.3		9.9	16.
	8.8		7.3		5.3	17.
	\$2,172		\$2,890		\$4,145	18.

PART VI - CONFECTIONERY STORES

Trends by Size of Business, 1944

Confectionery stores are engaged principally in retailing such products as candy and confectionery, tobaccos, soda fountain products and ice cream. But many confectionery stores handle other lines such as groceries, magazines, school supplies, and light lunches. With no generally accepted system of classification available within the trade, however, it is necessary to lay down somewhat arbitrary conditions for their definition. Stores are therefore assigned to this class when sales of candy and confectionery, soda fountain products and ice cream comprise 50 per cent or more of the total dollar volume. Light lunches may be carried but must not form more than 40 per cent of the total business; when they do, the stores are considered to be restaurants. On this basis, the dollar volume of confectionery stores reporting their sales by commodity classes in the 1941 Census of Merchandising on average consisted of 43.7 per cent of candy and confectionery; 1.4 per cent of fresh fruits and vegetables; 16.3 per cent of all other food products; 6.0 per cent as receipts from meals and lunches; 27.8 per cent of tobacco products; and 4.8 per cent of miscellaneous merchandise.

A total of 165 usable reports were received from confectionery stores providing information on their operating results for 1944. When classified by size of business and type of occupancy, however, only 5 reports were assigned to the \$20,000 to \$30,000 and the \$30,000 to \$50,000 sales groupings for owned stores, none appeared for owned stores in the \$50,000 and over class, and only two reports for rented outlets showed sales in 1944 of \$50,000 or over. Statistics are therefore presented in the following table for only six sales and occupancy classifications of confectionery stores consisting of the two smallest sales groupings of owned stores; and the first four sales classes of rented establishments.

For these six groups, then, the stock turnover ratios varied between a low of 10.9 and a high of 18.6 times in 1944. Among the four groups of rented stores, the averages with one exception moved higher as the sales-size classifications became larger. The exception, it will be noted, was due to the fact that a comparatively high turnover average of 18.6 times was recorded for the 17 stores in the \$30,000 to \$50,000 classification. Here it should be noted that the presence of stores in a category with unusually low beginning or ending inventories, or both, could cause the averages for stock turnover to appear somewhat higher than would be the case if the erratic influences were not present.

Average inventories per store at the end of 1944 were fairly low in all six sales and occupancy classifications, the outside limits for which stood at \$384 and \$2,061 per store at the end of that period. For rented outlets, the four averages ranged between the low of \$483 per outlet in the less than \$10,000 sales size and the high of \$2,061 in the \$30,000 to \$50,000 sales class, with the two middle figures appearing at \$992 and \$930 per store. For most of the groups the total inventories reported at the end of the year were somewhat higher than at the beginning, there being only two categories in which minor relative decreases are in evidence.

The rates of gross trading profits for the six sales and occupancy groupings were all fairly close together with outside limits of 18.8 and 21.9 per cent of total sales. A slightly downward movement is apparent in the ratios for rented stores as the sales groupings became larger. The sharpest decline occurred between the high of 21.9 per cent recorded by outlets in the less than \$10,000 sales size and the average of 19.6 per cent representing confectionery stores in the \$10,000 to

\$20,000 classification, from which the percentage rose to 20.9 in the \$20,000 to \$30,000 size and then dropped to 18.8 per cent in the \$30,000 to \$50,000 size of business.

Among the expenses, salaries and wages disbursed to paid employees ranged for the six classifications of stores between a low of 1.6 and a high of 4.5 per cent of sales, the low representing rented stores in the less than \$10,000 group and the high standing for rented stores with 1944 sales of \$50,000 and over. For these outlets, moreover, the averages moved consistently upward between the limits just quoted as the size of business became larger.

Rental expenses formed steadily smaller proportions of the sales dollar of rented confectionery stores as the size-of-business groupings became larger. Overall, the four rental ratios ranged downward from 3.1 per cent in the less than \$10,000 sales class to 1.5 per cent recorded by such stores in the \$50,000 and over sales size.

Advertising expenses, it will be noted, were very small as percentages of the total sales in each of the six sales and occupancy classes of confectionery stores. Indeed, in five of the six groupings the advertising expense ratios stood at 0.1 per cent of the dollar volume while in the sixth the amounts reported formed too small a fraction of one per cent to be shown in the table. The percentages for depreciation allowances, however, were somewhat larger with the six averages ranging between 0.6 and 1.1 per cent of total sales. For rented stores, the depreciation expense ratios stood at 0.8 per cent in each of the three smaller sizes of business from which it dropped to 0.6 per cent of total sales in the \$30,000 to \$50,000 sales classification.

Other operating expenses, including such residual operating costs as supplies, communication, taxes other than income taxes, insurance, light, heat and power, repairs, losses on bad debts, interest on borrowed funds and sundry expenses, varied between outside limits of 3.3 and 5.5 per cent of total sales for the six classifications appearing in the table. Among the four groups of rented stores, the averages moved downward as the sizes of business became larger, the ratios dropping from 4.5 per cent in the less than \$10,000 sales grouping to 3.3 per cent of total sales in the \$30,000 to \$50,000 sales category.

Overall the total expense percentages for the six sales and occupancy groupings of confectionery stores ranged between the comparatively narrow limits of 8.9 and 11.1 per cent of total sales in 1944. For rented stores the ratios moved upward as the sales sizes became larger from 10.1 per cent in the less than \$10,000 to the high of 11.1 per cent of sales in the \$20,000 to \$30,000 sales classification. From that point, however, the average dropped to 10.0 per cent for stores in the \$30,000 to \$50,000 sales category. This decline, it will be noted, resulted from the fact that the decreases in the ratios for rent, depreciation, and other operating expenses more than offset the increase which occurred in the payroll percentages which occurred between these two sizes of business.

Proprietor's net earnings before income taxes and withdrawals and including both the reward for his clerical services and his net trading profits varied for the six sets of averages between 8.7 and 11.8 per cent of sales in 1944, with the low point occurring in the \$10,000 to \$20,000 and the high in the less than \$10,000 sales classes of rented stores. In general, an irregularly downward trend may be seen in the net earnings percentages of rented stores as the size of business expanded. In dollar figures, average proprietor's net earnings ranged between \$31 and \$3,143 per store for the different groupings of confectionery stores, the low standing for

owned outlets in the less than \$10,000 and the high for rented stores in the \$30,000 to \$50,000 sales classifications. These dollar averages, it will be seen, increased steadily as the sales-size classes became larger, an obvious reflection of the influences of increasing sales volumes upon the dollar averages for proprietor's net earnings per store.

STATISTICS
ON
OPERATING RESULTS
OF
CONFECTIONERY STORES

Confectionery Stores--Operating Results for Stores Classified
According to 1944 Sales Size and Occupancy Basis, Canada, 1944

Item	AMOUNT OF ANNUAL SALES			
	Less than \$10,000		\$10,000 to \$19,999	
	Owned	Rented	Owned	Rented

GENERAL INFORMATION

1. Number of Stores Reporting	15	38	15	51
2. Total Sales	\$78,601	\$252,872	\$209,847	\$720,843
3. Average Sales Per Store	5,240	6,655	13,990	14,134
Total Inventory Reported,				
4. Beginning of Year	5,897	15,117	13,792	45,774
5. End of Year	5,758	18,335	16,796	50,089
6. Average for Year	5,828	16,726	15,294	47,932
Average Inventory Per Store,				
7. End of Year	384	483	1,120	982
8. Cost of Goods Sold	63,667	197,493	169,556	579,558
9. Stock Turnover (times per year) ..	10.9	11.8	11.1	12.1

PROFIT AND LOSS DATA

(Items Expressed As Percentages of Sales)

10. Gross Trading Profit	19.0	21.9	19.2	19.6
Operating Expenses:				
11. Employees' Salaries and Wages ..	2.3	1.6	3.2	2.9
12. Rent	-	3.1	-	2.7
13. Advertising	(a)	0.1	0.1	0.1
14. Depreciation	1.1	0.8	1.0	0.8
15. Other Operating Expenses	5.5	4.5	4.8	4.4
16. Total Operating Expenses	8.9	10.1	9.1	10.9
17. Proprietor's Net Earnings Before Income Taxes and Withdrawals ...	10.1	11.8	10.1	8.7
18. Average Proprietor's Net Earn- ings Per Store	\$531	\$783	\$1,413	\$1,227

(a) Less than .05 per cent.

Confectionery Stores--Operating Results for Stores Classified
According to 1944 Sales Size and Occupancy Basis, Canada, 1944

AMOUNT OF ANNUAL SALES						
\$20,000 to \$29,999		\$30,000 to \$49,999		\$50,000 and Over		
Owned	Rented	Owned	Rented	Owned	Rented	
GENERAL INFORMATION						
SAMPLE	17	SAMPLE	17	SAMPLE	SAMPLE	1.
	\$396,426		\$607,163			2.
	23,319		35,715			3.
	16,854		31,165			4.
	TOO		TOO			TOO	5.
SMALL	16,837	SMALL	35,032	SMALL	SMALL	6.
	16,845		33,099			7.
	990		2,061			8.
	313,573		493,016			9.
	18.6		14.9			

PROFIT AND LOSS DATA (Items Expressed As Percentages of Sales)						
	20.9		18.8			10.
	3.5		4.5			11.
SAMPLE	2.3	SAMPLE	1.5	SAMPLE	SAMPLE	12.
	0.1		0.1			13.
TOO	0.8	TOO	0.6	TOO	TOO	14.
	4.4		3.3			15.
SMALL		SMALL		SMALL	SMALL	
	11.1		10.0			16.
	9.8		8.8			17.
	\$2,295		\$3,143			18.

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OPERATING RESULTS
OF
RETAIL FOOD STORES

1945

Independent:

GROCERY STORES

COMBINATION STORES

MEAT STORES

FRUIT and VEGETABLE STORES

CONFECTIONERY STORES



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Trends by size of business; comparison with other years; trends by size of locality; comparison between "delivery" and "no delivery" stores; comparison between less profitable and more profitable stores 27

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DEFINITIONS

NET SALES represent the real volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

GROSS TRADING PROFIT OR MARGIN is the difference between the cost of merchandise sold and the selling price. The cost of merchandise sold is calculated by adding the beginning inventory to net purchases and deducting ending inventory.

OPERATING EXPENSES are the amounts paid out for any and all expenses incurred in operating a business, except the cost of merchandise. They include:

Salaries and wages paid to employees before deduction of income taxes or unemployment insurance. Proprietors' salaries or withdrawals are not included.

Advertising

Store supplies used in the business during the year such as: wrapping paper, office supplies, gasoline and oil for delivery trucks.

Loss on bad debts in the year - amount written off less bad debts recovered.

Taxes and insurance - business, property and water taxes, licences including truck licences, insurance premiums carried for the protection of the business. Income taxes are not included.

Rentals - for premises used only in the business.

Heat, light and power used in the year.

Repairs and maintenance - incurred for the purpose of keeping fixed store assets in efficient operation, including delivery equipment.

Depreciation - allowances to cover decreases in the value of fixed store assets including delivery equipment.

All other expenses - telephone, telegraph, postage, bank charges, legal, collection and auditing fees, etc.

NET PROFIT is the difference between gross margin and total expenses, and includes proprietor's salaries and withdrawals.

STOCK TURNOVER is the number of times in a year that the merchandise is sold and replaced. The average of the beginning and year ending inventories is divided into the cost of merchandise.

CUSTOMERS' ACCOUNTS OUTSTANDING are all accounts receivable on the books at the end of the year.

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OPERATING RESULTS OF RETAIL FOOD STORES, 1945

Introduction

This report is one of a series reviewing average operating results for 1945 and covers five main kinds of food stores. In 1944 a similar survey was carried out for a dual purpose; to provide an estimate of the contribution made to the national income by unincorporated retail stores, and to provide reliable statistics on operating costs in retail trade. The average results presented in this report were obtained from unincorporated stores whose individual profits and expenses vary considerably. Therefore, if the results of an individual store do not coincide with the averages, it does not follow that the store is being operated inefficiently. The tables, however, may assist the merchant in deciding where economies may be most effective and may indicate the need for additional expenditures in other phases of business operation.

The ultimate objective of business is to realize a net profit on operations. This might be the first item of comparison an individual owner makes with his own operating results. If his net profit is greater than the average shown for his particular business in this report, he may gain further by an item-by-item comparison of his operating costs with those in the tables. If his net profit is smaller than average, a careful check should be made on his different expense items, using the averages shown as a guide in determining which items require investigation. In this way improvement in gross margin or a lessening of expenses may be accomplished to result in a greater net profit.

The prospective new entrant may find much information useful in planning his inventory outlay, expected rate of stock turnover, expense requirements and in keeping a check on gross margin and net profits during the early stages of business activity.

Definitions of the terms used in this report and the components of the different expense items are given on page 2. When making comparison with other results, allowance should be made for any difference in definitions. Due to the lapse of time, allowance should also be made for any economic changes which have occurred since 1945 when making comparisons of present day results with this report. Returns received from incorporated firms were too few in number to be shown. Chain stores were not included in this survey.

SUMMARY

Some of the facts concerning the operation of retail food stores in 1945 worthy of particular comment are noted below.

Grocery Stores

1. On the average, grocery stores in 1945 operated on a gross margin which amounted to 14.1 per cent of total net sales. Total operating expenses were 8.0 per cent leaving a net profit of 6.1 per cent which was slightly less than the average net profit realized in 1944. (See table 1).
2. As the volume of business increased, the ratio of net profits to sales in grocery stores followed a downward trend. This apparent loss was compensated for by an increased rate of stock turnover on a larger volume of business. Salaries and wages paid to employees followed a definite upward trend as the size of business increased. Occupancy costs decreased in ratio to sales volume and the other items remained fairly constant. (See table 6, page 14 and chart 1).

These general relationships held for all types of food stores in this survey.

3. Rented stores in all business-size brackets maintained a greater gross margin than did owned stores. The greater expense costs in rented premises offset the marginal advantage to result in net profit ratios close to those in owned stores. (See table 6, page 14 and chart 1).
4. Generally, both gross and net profits were greater in large than in small localities. Advertising expense and rentals formed a greater proportion of net sales in the largest localities, while other expenses showed little difference in relation to locality size. (See table 8, pages 20-23).
5. Grocery stores providing delivery service operated on a wider gross margin than stores not providing such service. Delivery expenses - reflected in greater ratios to net sales of salaries, store supplies, repairs and maintenance, which include truck expense - more than balanced the increase in mark-up so that net profits of "delivery" stores were less than those for "no delivery" stores. (See table 9, pages 24, 25).
6. Narrow gross margin and high ratio of salary expense to net sales characterized the "less profitable" group of establishments. (See table 10, page 26).

Table 1. - Operating Results of Grocery Stores, 1945
(With 1944 percentages for comparison)

Item	1945 (1,594 stores reporting)		1944 (310 stores reporting)
	Average dollar figures	Percentage of net sales	Percentage of net sales
	\$	%	%
Average net sales	32,356	100.0	100.0
Gross trading profit	4,562	14.1	14.2
Operating expenses:			
Employees' salaries	1,097	3.4	3.3
Advertising	48	0.1	0.1
Store supplies	258	0.8	
Bad debts	44	0.1	
Occupancy expense	817	2.6	4.5
All other expenses	316	1.0	
Total operating expenses	2,580	8.0	7.9
Net profits before deduction of proprietors' salaries and income tax	1,982	6.1	6.3

Combination Grocery and Meat Stores

1. In 1945 the average combination store operated on a gross margin of 14.9 per cent which was slightly less than the margin realized in 1944. Higher expenses of 9.9 per cent on this smaller margin netted a profit of 5.0 per cent as compared to the 5.8 per cent net profit in 1944.

Although combination stores in 1945 showed a wider margin than grocery stores, the greater salary expense resulted in a lower average net profit - 5.0 per cent - as compared to the average grocery store net profit of 6.1 per cent. (See table 2).

2. Like grocery stores, net profits in combination stores in 1945 decreased in ratio to net sales as the volume of business expanded, due to the increased cost of salaries in large stores. The larger volume of business done and the increased rate of stock turnover offset the lower net profit percentage in large stores to show greater dollar net earnings. (See table 11, page 30).
3. Rented stores operated on wider gross margins than did owned stores. The greater expense ratios in these stores, however, resulted in net profits close to that recorded in owned stores. (See table 11, page 30).
4. While combination stores in the largest localities operated on a wider gross margin than those in rural and small urban communities, expense items such as salaries and rent were likewise greater. (See table 12, pages 31-34).

5. As in grocery stores, combination stores extending delivery service showed greater gross trading profits which were offset by greater expenses necessary to maintain the service. (See table 13, pages 35, 36).
6. Narrow gross margin and high proportionate salary expense were typical of less profitable combination stores, as was true of grocery stores. (See table 14, page 37).

Table 2.--Operating Results of Combination Stores, 1945
(With 1944 percentages for comparison)

Item	1945 (926 stores reporting)		1944 (175 stores reporting)	
	Average dollar figures	Percentage of net sales	Percentage of net sales	
	\$	%	%	
Average net sales	56,956	100.0	100.0	
Gross trading profit	8,477	14.9	15.2	
Operating expenses:				
Employees' salaries	2,966	5.2	4.6	
Advertising	91	0.2	0.2	
Store supplies	583	1.0	4.5	4.6
Bad debts	80	0.1		
Occupancy expense	1,382	2.4		
All other expenses	547	1.0		
Total operating expenses	5,649	9.9		9.4
Net profits before deduction of proprietors' salaries and income tax	2,828	5.0		5.8

Meat Markets

1. The average meat market operated on a wider margin in 1945 than grocery and combination stores, the respective ratios to net sales being 16.9 per cent, 14.1 per cent and 14.9 per cent.

Greater expenses resulted in a net profit of 6.0 per cent of sales, nearly the same as that for grocery stores while combination store net profits fell to 5.0 per cent of net sales. There was little change in meat market profits and expenses from 1944. From results of similar surveys in both 1938 and 1944 combination store net profit ratios, before deduction of proprietors' salaries, were also shown as lower than grocery stores or meat markets.

A survey carried out by Dun and Bradstreet Inc. for similar types of stores in the United States in 1939 shows that combination stores realized slightly better net profits than grocery stores and meat markets. (See table 3).

2. Like grocery and combination stores, larger meat markets show greater net earnings, although the net profit percentages are lower. More rapid stock turnover and greater volume of business makes this situation possible. (See table 15, page 41).
3. Stores operated in rented premises did so on a greater gross margin than owned stores, and in general, maintained this advantage to enjoy greater net profits. (See table 15, page 41).

Table 3. - Operating Results of Meat Markets, 1945
(With 1944 percentages for comparison)

Item	1945 (475 stores reporting)		1944 (182 stores reporting)
	Average dollar figures	Percentage of net sales	Percentage of net sales
	\$	%	%
Average net sales	46,403	100.0	100.0
Gross trading profit	7,841	16.9	17.1
Operating expenses:			
Employees' salaries	2,515	5.4	5.4
Advertising	55	0.1	0.1
Store supplies	624	1.3	5.4
Bad debts	41	0.1	
Occupancy expense	1,242	2.7	
All other expenses	584	1.3	5.6
Total operating expenses	5,061	10.9	11.1
Net profits before deduction of proprietors' salaries and income tax	2,780	6.0	6.0

Fruit and Vegetable Stores, Confectionery Stores

1. The average fruit and vegetable store operated on a margin of 16.0 per cent as compared to 16.4 per cent gross profit in 1944. A decrease in expenses in 1945 resulted in a similar net profit ratio of 6.6 per cent for both years. (See table 4).
2. The average confectionery store improved its gross margin of 19.5 per cent in 1944 to reach 20.7 per cent of net sales in 1945. Expenses were also greater in 1945. Net profit ratios were; 1945, 10.1 per cent and 1944, 9.6 per cent, the highest in all types of food stores. Because of a smaller volume of business the higher net profit ratio actually resulted in lowest average net earnings in all food stores. (See table 5).
3. In common with other food stores, gross profits in fruit and vegetable stores and confectionery stores diminished in ratio to net sales as business volume increased. Although the larger stores operated on a lower net profit percentage, because of business volume the dollar value of net earnings was greater than in the smaller stores. (See tables 16 and 17, pages 42 and 43).

Table 4. - Operating Results of Fruit and Vegetable Stores, 1945
(With 1944 percentages for comparison)

Item	1945 (260 stores reporting)		1944 (105 stores reporting)
	Average dollar figures	Percentage of net sales	Percentage of net sales
	\$	%	%
Average net sales	38,958	100.0	100.0
Gross trading profit	6,226	16.0	16.4
Operating expenses:			
Employees' salaries	1,332	3.4	3.5
Advertising	32	0.1	0.1
Store supplies	633	1.6	5.9
Bad debts	13	(a)	
Occupancy expenses	1,271	3.3	
All other expenses	393	1.0	6.2
Total operating expenses	3,674	9.4	9.8
Net profits before deduction of proprietors' salaries and income tax	2,552	6.6	6.6

(a) Less than 0.05 per cent.

Table 5. - Operating Results of Confectionery Stores, 1945
(With 1944 percentages for comparison)

Item	1945 (301 stores reporting)		1944 (165 stores reporting)
	Average dollar figures	Percentage of net sales	Percentage of net sales
	\$	%	%
Average net sales	18,582	100.0	100.0
Gross trading profit	3,249	20.7	19.5
Operating expenses:			
Employees' salaries	568	3.6	3.2
Advertising	18	0.1	0.1
Store supplies	116	0.7	6.9
Bad debts	13	0.1	
Occupancy expenses	794	5.1	
All other expenses	152	1.0	6.6
Total operating expenses	1,661	10.6	9.9
Net profits before deduction of proprietors' salaries and income tax	1,588	10.1	9.6

GENERAL DISCUSSION AND TABLES

A. Grocery Stores

Some of the stores included in this category handle commodities other than groceries but to remain in the grocery store classification the percentage of other goods sold must be small. After careful editing of the returns received, 1,594 usable reports from independent unincorporated stores were tabulated to produce the results shown in the following tables.

A breakdown by size of business is considered essential in presenting operating results in retail stores. As no attempt has been made to estimate a rent equivalent in owned stores, the five size brackets are further divided as to businesses operating in owned premises and those operating in rented premises. This division is carried out in all supplementary tables which bring out other comparisons and aspects in the operation of grocery stores.

In all tables shown, net profits include proprietors' salaries and withdrawals. Due to the inconsistent manner in reporting this item by the contributing stores, a proper estimate of proprietors' salaries could not be made. As indicated, net profits are before income taxes have been paid.

Trends by Size of Business (Table 6 page 14)

Chart 1 clearly indicates a consistent decrease in gross profit, as a percentage of net sales, in owned stores as the size of business becomes greater. This trend was not the case with rented stores in which the gross margin was 17.7 per cent for small units but was stable at a figure slightly over 14 per cent for other sizes of business.

The increasing ratio of salaries more than offset the decrease in rent percentage so that total expenses formed a greater percentage of net sales in the larger than they did in the smaller stores. Deducted from gross profit this resulted in a diminishing proportion of net profits in the larger stores.

Due to the difference in the volume of business, however, the smaller net profit ratios in large stores mean greater dollar value. In comparing this dollar value of average store net earnings, account must be taken of the number of proprietors actively engaged in the businesses of the respective groups in relation to the number of reporting stores.

Seven of the ten groups show a better inventory position at the end of the year than at the beginning, large stores in general carrying proportionately larger inventory value.

Comparison with Previous Years (Chart 1, page 13)

A survey on operating costs was taken for the year 1938 as well as for 1944 in which 1941 results were also obtained. The size of business ranges were not the same in every case so that some years are omitted from certain size categories. The main profit and expense items available on a comparable basis for 1938, 1941, 1944 and 1945 are shown in Chart No. 1 on page .

Comparison by Economic Regions (Table 7, pages 15-17)

There was a sufficiently large enough number of reporting grocery stores to allow a regional breakdown for most size and occupancy groups. In a few cases the number of stores was too small to allow publication of results. Of the economic regions, Quebec showed greatest divergence from average figures. In addition to bringing out trends in the various regions of the country, a merchant is able to make comparison of his own operating experience with the average for his own region.

Trends by Size of Locality (Table 8, pages 20-23)

In Table 8 operating results for owned and rented grocery stores in each of four size-of-business groups are shown in comparable form for four different size of locality ranges. In some instances the sample number of stores was too small to allow publication of results and for this reason the entire class of stores with annual sales of \$100,000 or over is not shown.

With minor exceptions, the average inventory decreased as the size of locality increased, resulting in a greater stock turnover rate for stores in the larger cities as compared to those situated in localities having less than 10,000 population. There was a considerable variation in the gross profit ratio between the different sizes of locality. In general, the largest sized locality group showed higher gross profit than the smallest group. The two middle locality classes had gross profit percentages higher in some instances and lower in others than those for the smallest size of locality.

Advertising as a percentage of sales had a higher ratio in the two largest size-of-business groups. Rent expense, with minor exceptions, followed a regular rate of increase as the size of locality increased. This same pattern was reflected in total occupancy costs for rented stores. Owned stores followed no regular pattern in occupancy costs when comparing different-sized localities within the respective sales size classes. The other expense items displayed no trends of special significance.

Net earnings before deduction of proprietors' salaries and income taxes, as well as the average net earnings per store, were similar to the trend of gross profit. In most cases, the largest locality class had greatest net earnings, and the middle locality groups fluctuated above and below the lower net earnings of the smallest locality class.

Comparison Between Stores Providing Delivery Service and Those Not Providing Such Service (Table 9, pages 24, 25)

Table 9 shows comparisons between grocery stores extending delivery service and those not doing so for each size and occupancy group, where possible. A small number of reporting stores failed to answer the question and are not included in either category. This table allows a merchant to make a better comparison of his delivery expense which is spread over salaries, supplies (gas and oil) taxes (truck licence), repairs and depreciation. In this table, occupancy costs were indicated as generally higher for "delivery" stores but it should be pointed out that these expense items include repairs, maintenance and depreciation on delivery equipment and were therefore not strictly true occupancy expense. It is interesting to note the trend toward the higher proportion of stores extending delivery service as the size of business increased.

The higher mark-up in stores extending delivery service was reflected in consistently greater gross profits for those stores as compared to "no delivery" stores. Salaries and store supplies which included gas and oil used in delivery trucks, were generally greater for "delivery" stores.

Except for the owned stores whose annual sales were less than \$10,000, the greater gross profit of "delivery" stores was more than offset by greater operating expenses, so that net earnings before proprietors' salaries or income taxes were withdrawn, were less for "delivery" stores than for the other class.

Comparison Between Less Profitable and More Profitable Stores (Table 10, page 26)

In Table 10, the stores reporting were classified as below and above the average net earnings for each size of business and occupancy group. Only where it was possible to obtain a large enough sample in both profit groups have results been presented. If a merchant falls within the less profitable range, he can compare his expenses with the average of the more profitable stores to see what items show greatest deviation.

Aside from the basic difference in net profits, the most notable difference between the two classes of stores was in gross profit, reflecting a relatively higher cost of goods sold in the less profitable stores, but expenses, particularly for salaries, accounted for a greater share of the difference in three of the size and occupancy groups. To avoid repetition, some expense items have been omitted where the two profit categories did not show any significant difference from the results of Table 6. The number of actively engaged proprietors in the respective classes is comparable and does not require any special comment.

OPERATING RESULTS OF RETAIL GROCERY STORES, 1945

GROSS MARGIN = NET PROFIT + SALARIES + OTHER EXPENSES

PERCENTAGE
OF NET SALES

20

PERCENTAGE
OF NET SALES

20

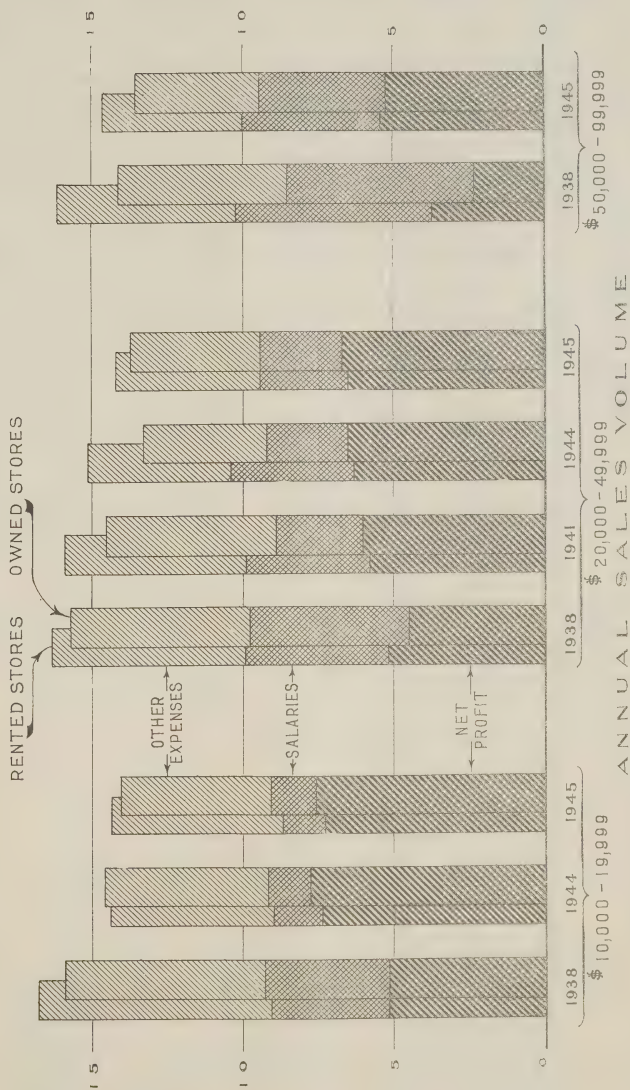


Table 6. Grocery Stores - Operating Results Classified According to Amount of Annual Sales and Occupancy Basis, Canada, 1945

Item	AMOUNT OF ANNUAL SALES									
	Less than \$10,000		\$10,000-\$19,999		\$20,000-\$49,999		\$50,000-\$99,999		\$100,000 and over	
	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented
Number of stores reporting	134	56	261	145	368	396	83	142	18	21
Average sales per store	6,596	7,681	14,670	15,066	30,929	32,076	66,313	67,676	136,922	144,050
Average inventory beginning of year	772	780	1,261	1,302	2,340	2,094	5,176	4,518	9,863	10,939
Average inventory end of year	810	767	1,332	1,284	2,494	2,249	5,190	4,554	9,466	11,049
Average cost of goods sold, per store ..	5,589	6,318	15,606	12,892	26,691	27,527	57,340	57,779	118,868	123,479
Stock turnover (times per year)	7.1	8.2	9.7	10.0	11.0	12.7	11.1	12.7	12.3	12
Number of working proprietors	138	57	241	151	396	435	103	186	25	32
Gross trading profit (% of sales)	15.3	17.7	14.1	14.4	13.7	14.2	13.5	14.6	13.2	14.3
Operating expenses (% of sales):										
Employees' salaries	0.6	0.9	1.5	1.4	2.7	2.9	4.2	4.6	5.7	5.4
Advertising	(a)	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Store supplies	0.8	0.8	0.9	0.8	0.8	0.8	0.8	0.8	0.7	0.8
Bad debts	0.3	0.3	0.2	0.2	0.1	0.1	0.2	0.2	0.1	0.1
Taxes and insurance	1.1	0.5	0.8	0.5	0.7	0.4	0.7	0.3	0.4	0.3
Rent	-	3.0	-	1.9	-	1.3	-	1.1	-	0.9
Light, heat and power	1.4	1.2	1.0	0.8	0.6	0.5	0.5	0.4	0.3	0.3
Repair and maintenance	0.4	0.3	0.5	0.3	0.5	0.3	0.4	0.3	0.5	0.2
Depreciation	0.6	0.4	0.6	0.3	0.6	0.4	0.4	0.3	0.4	0.2
All other expenses	0.8	0.8	0.9	0.8	0.9	0.9	1.0	1.0	1.2	1.6
Total expenses	6.0	8.3	6.5	7.1	7.0	7.7	8.5	9.2	9.4	10.1
Net profits before deduction of proprietors' salaries and income tax.	9.3	9.4	7.6	7.3	6.7	6.5	5.2	5.4	3.8	4.2
Average net earnings per store	610	720	1,112	1,100	2,072	2,087	3,457	3,695	5,200	6,060
Average customers' accounts outstanding ..	93	80	271	208	806	623	2,559	2,048	4,517	2,840

a) Less than 0.05 per cent.

Table 7.--Grocery Stores - Operating Results Classified According to Amount of Annual Sales and Occupancy Basis, Quebec, 1945

Item	AMOUNT OF ANNUAL SALES							
	Less than \$10,000		\$10,000-\$19,999		\$20,000-\$49,999		\$50,000-\$99,999	
	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented
Number of stores reporting	17	18	20	36	26	73	37	37
Average sales per store	6,603	7,512	13,733	14,803	29,755	33,572	48,647	48,647
Average inventory beginning of year	1,241	906	1,866	1,346	3,419	2,492	4,781	4,781
Average inventory end of year	1,288	905	1,911	1,413	3,715	2,634	4,703	4,703
Average cost of goods sold, per store	5,553	6,052	11,491	12,527	25,233	28,388	57,650	57,650
Stock turnover (times per year)	4.4	6.7	6.1	9.1	7.1	11.1	12.2	12.2
Number of working proprietors	17	19	21	37	26	81	42	42
Gross trading profit (% of sales)	15.9	19.4	16.3	15.4	15.2	15.4	16.0	16.0
Operating expenses (% of sales):								
Employees' salaries	0.9	0.7	2.2	1.7	4.3	3.8	5.7	5.7
Advertising	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Store supplies	1.1	0.8	1.2	0.8	1.0	0.9	1.0	1.0
Bad debts	0.2	0.5	0.4	0.2	0.3	0.1	0.1	0.1
Taxes and insurance	1.1	0.8	0.9	0.7	0.7	0.5	0.5	0.5
Rent	-	3.0	-	1.9	-	1.2	1.1	1.1
Light, heat and power	1.4	1.2	1.3	0.8	0.7	0.5	0.4	0.4
Repair and maintenance	0.3	0.3	0.6	0.5	0.6	0.6	0.5	0.5
Depreciation	0.6	0.3	0.3	0.3	0.6	0.4	0.2	0.2
All other expenses	1.2	0.9	0.8	1.0	0.7	1.1	1.2	1.2
Total expenses	6.9	8.6	7.8	8.0	9.0	9.3	10.9	10.9
Net profits before deduction of proprietors' salaries and income tax	9.0	10.8	8.5	7.4	6.2	6.1	5.1	5.1
Average net earnings per store	592	811	1,171	1,037	1,851	2,041	3,534	3,534
Average customers' accounts outstanding	114	147	354	285	1,118	513	1,037	1,037

**Table 7.--Grocery Stores - Operating Results Classified According to Amount of Annual Sales
and Occupancy Basis, Ontario, 1945**

Item	AMOUNT OF ANNUAL SALES									
	Less than \$10,000		\$10,000-\$19,999		\$20,000-\$49,999		\$50,000-\$99,999		\$100,000 and over	
	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented
Number of stores reporting	26	15	59	35	93	101	24	37	69,375	65,802
Average sales per store	6,761	8,232	14,658	14,825	30,217	32,532	5,194	4,342	5,194	4,342
Average inventory beginning of year ..	606	617	1,166	1,154	2,136	2,154	4,961	4,246	4,961	4,246
Average inventory end of year	656	605	1,192	1,179	2,226	2,243				
Average cost of goods sold, per store ..	5,715	6,758	12,508	12,666	26,002	27,978	59,664	56,611	59,664	56,611
Stock turnover (times per year)	9.0	11.1	10.6	10.9	11.9	12.7	11.7	13.2	11.7	13.2
Number of working proprietors	27	15	64	37	96	111	32	46	32	46
Gross trading profit (% of sales)	15.7	17.9	14.7	14.6	13.9	14.0	14.0	14.0	14.0	14.0
Operating expenses (% of sales):										
Employees' salaries	0.3	1.9	2.0	1.4	2.6	3.3	4.3	4.4	4.3	4.4
Advertising	(a)	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Store supplies	0.7	1.0	1.1	0.9	0.9	0.8	0.9	0.9	0.9	0.9
Bad debts	0.2	0.3	0.2	0.2	0.1	0.1	(a)	0.1	(a)	0.1
Taxes and insurance	1.2	0.5	0.9	0.4	0.6	0.3	0.6	0.2	0.6	0.2
Rent	-	3.0	-	2.0	-	1.3	-	0.9	-	0.9
Light, heat and power	1.4	1.1	1.0	0.8	0.6	0.5	0.5	0.4	0.5	0.4
Repair and maintenance	0.7	0.4	0.5	0.3	0.4	0.2	0.4	0.4	0.4	0.4
Depreciation	0.4	0.5	0.6	0.3	0.7	0.4	0.6	0.3	0.6	0.3
All other expenses	0.8	0.5	0.9	0.9	1.0	0.8	1.1	0.9	1.1	0.9
Total expenses	5.7	9.3	7.3	7.3	7.0	7.9	8.6	8.7	8.6	8.7
Net profits before deduction of proprietors' salaries and income tax.										
Average net earnings per store	675	704	1,080	1,086	2,085	2,000	3,777	3,477	3,777	3,477
Average customers' accounts outstanding \$	69	72	224	157	560	530	1,926	2,167	1,926	2,167
(a) Less than 0.05 per cent.										

Table 7.--Grocery Stores - Operating Results Classified According to Amount of Annual Sales and Occupancy Basis, British Columbia, 1945

Item	AMOUNT OF ANNUAL SALES									
	\$10,000-\$19,999		\$20,000-\$49,999		\$50,000-\$99,999		\$100,000-\$199,999		\$200,000-\$499,999	
	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented
Number of stores reporting	22	36	43	67	69	16	31	63	69,640	31
Average sales per store	6,303	15,096	15,221	30,905	31,176	63,953	69,640	6,038	4,754	4,867
Average inventory beginning of year ...	639	1,064	1,121	2,170	2,067	6,038	4,754	6,005	4,867	4,867
Average inventory end of year	648	1,049	1,157	2,244	2,331	6,005	4,867	6,005	4,867	4,867
Average cost of goods sold, per store . \$	5,459	13,006	13,181	26,778	26,757	55,406	60,123	55,406	60,123	60,123
Stock turnover (times per year)	8.5	12.3	11.6	12.1	12.2	9.2	12.5	9.2	12.5	12.5
Number of working proprietors	22	44	36	72	77	22	50	22	50	50
Gross trading profit (% of sales)	13.4	13.8	13.4	13.4	14.2	13.4	13.7	13.4	13.7	13.7
Operating expenses (% of sales):										
Employees' salaries	0.8	0.9	1.2	2.5	2.5	4.4	3.7	4.4	3.7	3.7
Advertising	(a)	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.2	0.2
Store supplies	0.6	0.8	0.7	0.7	0.6	0.6	0.7	0.6	0.7	0.7
Bad debts	0.4	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Taxes and insurance	0.9	0.8	0.3	0.6	0.3	0.5	0.2	0.5	0.2	0.2
Rent	-	-	1.9	-	1.4	-	1.0	-	1.0	1.0
Light, heat and power	1.5	0.8	0.7	0.5	0.5	0.4	0.4	0.4	0.4	0.4
Repair and maintenance	0.4	0.6	0.1	0.4	0.4	0.4	0.3	0.4	0.3	0.3
Depreciation	0.4	0.5	0.3	0.7	0.3	0.5	0.3	0.5	0.3	0.3
All other expenses	0.8	0.6	0.7	0.9	0.8	1.0	0.9	1.0	0.9	0.9
Total expenses	5.8	5.2	6.1	6.5	7.0	8.1	7.9	8.1	7.9	7.9
Net profits before deduction of proprietors' salaries and income tax.	7.6	8.6	7.3	6.9	7.2	5.3	5.8	5.3	5.8	5.8
Average net earnings per store	481	1,297	1,118	2,127	2,255	3,364	4,058	3,364	4,058	4,058
Average customers' accounts outstanding \$	93	251	155	888	772	2,894	2,570	2,894	2,570	2,570
(a) Less than 0.05 per cent.										

Table 8.--Grocery Stores - Operating Results Classified According to Size of Locality
for Each Size of Business and Occupancy Class, Canada, 1945

Item	AMOUNT OF ANNUAL SALES \$20,000 - \$49,999									
	Owned Stores					Rented Stores				
	Size of Locality (Population)		Size of Locality (Population)		Under 10,000	Size of Locality (Population)		Size of Locality (Population)		100,000 & over
	Under 10,000	10,000-29,999	30,000-99,999	100,000 & over		Under 10,000	10,000-29,999	30,000-99,999	100,000 & over	
Number of stores reporting	191	42	69	66		120	39	94	143	
Average sales per store	30,418	30,609	31,628	31,882		33,288	32,739	31,722	31,113	
Average inventory beginning of year ...	2,634	2,109	1,908	2,179		2,354	2,210	1,897	1,974	
Average inventory end of year	2,768	1,969	1,970	2,279		2,553	2,319	2,038	2,113	
Average cost of goods sold, per store .	26,125	26,499	27,528	27,573		28,654	28,262	27,254	26,561	
Stock turnover (times per year)	9.7	13.5	14.2	12.4		11.7	12.5	13.9	13.0	
Number of working proprietors	202	45	77	72		133	41	98	163	
Gross trading profit (% of sales)	14.1	13.4	13.0	13.5		13.9	13.7	14.1	14.6	
Operating expenses (% of sales):										
Employees' salaries	2.8	3.0	2.3	2.5		3.1	3.1	2.7	2.9	
Advertising	0.2	0.1	0.3	0.1		0.2	0.2	0.1	0.1	
Store supplies	0.8	0.9	0.9	0.6		0.7	0.8	0.6	0.8	
Bad debts	0.1	0.1	0.1	0.1		0.1	0.1	0.1	0.1	
Taxes and insurance	0.7	0.6	0.6	0.7		0.4	0.4	0.4	0.4	
Rent	-	-	-	-		1.1	1.1	1.3	1.4	
Light, heat and power	0.6	0.6	0.5	0.6		0.5	0.5	0.5	0.5	
Repair and maintenance	0.5	0.5	0.4	0.4		0.3	0.4	0.2	0.4	
Depreciation	0.6	0.7	0.6	0.6		0.4	0.4	0.3	0.4	
All other expenses	1.0	0.8	0.8	0.9		1.0	0.7	0.8	0.9	
Total expenses	7.3	7.3	6.5	6.5		7.8	7.7	7.2	7.9	
Net profits before deduction of proprietors' salaries and income tax.										
Average net earnings per store	2,065	1,872	2,054	2,236		2,045	1,962	2,199	2,084	
Average customers' accounts outstanding	873	915	777	573		951	824	597	338	

Table 8.--Grocery Stores - Operating Results Classified According to Size of Locality
for Each Size of Business and Occupancy Class, Canada, 1945

Item	AMOUNT OF ANNUAL SALES \$50,000 - \$99,999									
	Owned Stores					Rented Stores				
	Size of Locality (Population)		Size of Locality (Population)		Under 10,000	Size of Locality (Population)		Size of Locality (Population)		Under 10,000
	Under 10,000	10,000-29,999	30,000-99,999	100,000 & over		Under 10,000	10,000-29,999	30,000-99,999	100,000 & over	
Number of stores reporting	56	13	13			60	16	13		53
Average sales per store	67,020	65,174	65,174			66,493	68,564	67,829		68,709
Average inventory beginning of year	5,598	3,511	3,511			4,611	4,364	4,453		4,475
Average inventory end of year	5,525	3,890	3,890			4,762	4,252	4,702		4,372
Average cost of goods sold, per store . \$	57,859	56,339	56,339			56,991	58,479	58,331		56,324
Stock turnover (times per year)	10.4	SAMPLE	15.2	SAMPLE		12.2	13.6	12.7		13.2
Number of working proprietors	70	17	17			79	22	17		68
Gross trading profit (% of sales)	13.7	13.6	13.6			14.3	14.7	14.0		15.1
Operating expenses (% of sales):										
Employees' salaries	4.2	3.4	3.4			4.4	4.6	4.4		5.0
Advertising	0.1	0.2	0.2			0.2	0.3	0.3		0.1
Store supplies	0.8	0.8	0.8			0.7	1.0	0.8		0.9
Bad debts	0.2	0.1	0.1			0.2	0.2	0.2		0.1
Taxes and insurance	0.6	0.4	0.4			0.3	0.4	0.3		0.4
Rent	-	-	-			0.9	1.1	1.0		1.2
Light, heat and power	0.5	0.4	0.4			0.4	0.4	0.3		0.3
Repair and maintenance	0.5	0.4	0.4			0.3	0.3	0.3		0.4
Depreciation	0.6	0.5	0.5			0.3	0.2	0.3		0.3
All other expenses	1.0	1.1	1.1			1.0	0.9	1.0		0.9
Total expenses	8.5	7.3	7.3			8.7	9.4	8.9		9.6
Net profits before deduction of proprietors' salaries and income tax.	5.2	6.3	6.3	SMALL		5.6	5.3	5.1		5.5
Average net earnings per store	3,451	4,072	4,072			3,690	3,596	3,462		3,786
Average customers' accounts outstanding \$	2,883	1,740	1,740			2,871	2,092	2,359		1,027

Table 9.--Grocery Stores --Operating Results Classified According to Delivery Service
by Size of Business and Occupancy Class, Canada, 1945

Item	Less than \$10,000				\$10,000 - \$19,999				\$20,000 - \$49,999			
	Owned		Rented		Owned		Rented		Owned		Rented	
	Deliv- ery	No de- livery	Deliv- ery	No de- livery	Deliv- ery	No de- livery	Deliv- ery	No de- livery	Deliv- ery	No de- livery	Deliv- ery	No de- livery
Number of stores reporting ..	31	101	14	40	124	98	82	57	298	61	324	66
Average sales per store\$	7,260	6,393	8,395	7,517	14,934	14,150	15,526	14,431	31,380	28,795	32,670	29,162
Average cost of goods sold, per store	6,060	5,440	6,753	6,241	12,798	12,198	13,240	12,428	27,061	25,024	27,991	25,264
Number of working proprietors	31	105	14	41	130	100	85	60	321	65	355	74
Gross trading profit	16.5	14.9	19.6	17.0	14.3	13.8	14.7	13.9	13.8	13.1	14.3	13.4
Operating expenses:												
Employees' salaries	0.3	0.7	1.7	0.6	1.9	0.9	1.7	0.9	2.8	2.1	3.2	1.7
Store supplies	1.3	0.7	1.1	0.7	1.0	0.7	0.8	0.7	0.8	0.6	0.8	0.5
Repair and maintenance	0.6	0.4	0.4	0.3	0.5	0.7	0.3	0.2	0.5	0.4	0.3	0.2
Depreciation	0.5	0.5	0.6	0.3	0.6	0.6	0.3	0.3	0.6	0.5	0.4	0.3
Total expenses	6.7	5.8	10.2	7.6	6.9	5.9	7.7	6.1	7.2	5.8	8.0	5.8
Net profits before deduction of proprietors' salaries and income tax	9.8	9.1	9.4	9.4	7.4	7.9	7.0	7.8	6.6	7.3	6.3	7.6
Average net earnings per store	714	581	792	707	1,099	1,123	1,083	1,130	2,055	2,115	2,055	2,210
Average customers' accounts outstanding	106	90	26	103	266	288	236	109	862	489	713	237

Item	\$50,000 - \$99,999				\$100,000 and Over			
	Owned		Rented		Owned		Rented	
	Deliv- ery	No de- livery	Deliv- ery	No de- livery	Deliv- ery	No de- livery	Deliv- ery	No de- livery
Number of stores reporting ..	74		126	13	18		17	
Average sales per store ... \$	66,797		68,232	62,245	136,922		133,742	
Average cost of goods sold, per store	57,855	SAMPLE	58,241	53,263	118,868	SAMPLE	113,424	
Number of working proprietors	91		167	16	25		28	
Gross trading profit	13.4		14.6	14.4	13.2		15.2	
Operating expenses:								
Employees' salaries	4.2		4.8	3.5	5.7		5.7	
Store supplies	0.8		0.8	0.6	0.7		0.8	
Repair and maintenance ...	0.4		0.3	0.3	0.5		0.3	
Depreciation	0.5	T00	0.3	0.4	0.4	T00	0.3	T00
Total expenses	8.1		9.2	8.1	9.4		10.5	
Net profits before deduction of proprietors' salaries and income tax	5.3		5.4	6.3	3.8		4.7	
Average net earnings per store	3,507		3,672	3,901	5,200		6,337	
Average customers' accounts outstanding	2,593	SMALL	2,173	695	4,517	SMALL	3,131	

Table 10 --Grocery Stores - Operating Results Classified According to Degree of Net Profit
by Size of Business and Occupancy Class, Canada, 1945

Item	Less than \$10,000						\$10,000 - \$19,999					
	Owned			Rented			Owned			Rented		
	Below Average	Above Average	Average	Below Average	Above Average	Average	Below Average	Above Average	Average	Below Average	Above Average	Average
Number of stores reporting	77	57	32	24	114	77	117	114	77	117	114	77
Average sales per store	6,458	6,783	7,643	7,732	14,965	14,841	14,383	14,965	15,264	14,383	14,841	15,264
Average cost of goods sold, per store ..	5,588	5,590	6,371	6,248	13,060	12,523	12,163	13,060	13,218	12,163	12,523	13,218
Number of working proprietors	80	58	32	25	119	72	122	119	79	122	119	79
Gross trading profit	13.5	17.6	16.6	19.2	12.7	15.6	15.4	12.7	13.4	15.4	12.7	13.4
Employees' salaries	0.8	0.4	1.5	0.2	2.1	1.0	0.8	2.1	1.7	0.8	1.0	1.7
Total expenses	6.6	5.2	9.6	6.8	7.4	6.1	5.5	7.4	8.0	5.5	6.1	8.0
Net profits before deduction of proprietors' salaries and income tax ...	6.9	12.4	7.0	12.4	5.3	9.5	9.9	5.3	5.4	9.9	5.3	5.4
Average net earnings per store	440	840	541	960	790	1,411	1,425	790	826	1,425	790	826
Item	\$20,000 - \$49,999						\$50,000 - \$99,999					
	Owned			Rented			Owned			Rented		
	Below Average	Above Average	Average	Below Average	Above Average	Average	Below Average	Above Average	Average	Below Average	Above Average	Average
Number of stores reporting	187	181	213	183	46	63	37	46	79	37	79	63
Average sales per store	32,225	29,590	32,479	31,608	67,657	63,818	64,638	67,657	70,751	64,638	63,818	70,751
Average cost of goods sold, per store ..	28,218	25,113	28,168	26,782	59,548	53,897	54,594	59,548	60,874	54,594	53,897	60,874
Number of working proprietors	203	193	222	213	51	93	52	51	93	52	93	52
Gross trading profit	12.4	15.1	13.3	15.3	12.0	15.5	15.5	12.0	14.0	15.5	12.0	14.0
Employees' salaries	3.0	2.3	3.4	2.4	4.4	3.8	3.8	4.4	5.3	3.8	3.8	5.3
Total expenses	7.6	6.2	8.5	6.8	8.7	7.9	7.8	8.7	10.1	7.8	7.9	10.1
Net profits before deduction of proprietors' salaries and income tax ...	4.8	8.9	4.8	8.5	3.3	7.6	7.7	3.3	3.9	7.7	3.9	7.6
Average net earnings per store	1,531	2,630	1,569	2,691	2,247	4,682	4,960	2,247	2,747	4,960	2,747	4,682

B. Combination Stores (Groceries and Meats)

As indicated by the name, these stores sell groceries and fresh meats, with the percentage of the smaller of the two commodities not less than 20 per cent. Fruits and vegetables are generally sold in some quantity. A total of 926 satisfactory reports were received from independent unincorporated stores.

It is considered essential that operating results be presented by size of business and when segregated into five such groups the number of reporting stores were too few in number in rented class with sales of less than \$10,000 to allow publication of results. Fresh meats require a greater margin to allow for waste, handling and refrigeration. Certain fluctuations in the results may be caused by the varying percentage of fresh meats sold by the sample stores in the different size brackets.

Trends by Size of Business (Table 11, page 30)

The stock turnover rate increased consistently with one exception, as business volume expanded, ranging from 6.4 times per year to 16.7 times. The drop to 14.2 times in owned stores with sales over \$100,000 may be caused by the sample stores in that class having a greater proportion of groceries.

The increasing need of paid help in larger stores as compared to the small store where the proprietor and family members provide a large portion of the service resulted in an upward trend in ratio of salaries to net sales. Although the ratio of rent expense decreased with sales volume, the increasing proportion of salaries coupled with a fairly constant ratio of other expenses netted a greater total expense ratio in the larger stores.

The actual dollar value of net earnings per store was much greater in the larger stores. In making comparisons with these net earnings, account must be taken of the number of proprietors actively engaged in the respective groups in relation to the number of stores reporting.

Except for two size and occupancy classes, stocks on hand were greater at the end of the year than at the beginning.

Comparison with Previous Years (Chart 2, page 29)

Surveys on operating results in retail stores were taken in 1938 and in 1944 which also included results for 1941. The size of business ranges for the previous years were not always identical with 1945 and for that reason some years are omitted. Chart 2 clearly shows that recent years have seen diminishing gross profits, but it also indicates that curtailment of expenses, as a result of wartime conditions and regulations more than offset the narrowing margins. Before deduction of proprietors' salaries and income taxes, net profits were greater in 1944 and 1945 than in the previous years.

In 1945 net profits in combination stores fell slightly lower than the 1944 figure of 5.8 per cent.

Trends by Size of Locality (Table 12, page 31)

Operating results are shown in Table 12 broken down into four

locality groups within each size of business and occupancy group except stores whose sales were less than \$10,000 where the number of reporting stores was too small. There was a general trend toward a higher rate of stock turnover in the larger localities, as a natural result of larger inventories maintained by stores in the smaller localities.

With two exceptions - owned stores in the size brackets of \$10,000-\$19,999 and \$20,000-\$49,999 - gross trading profit, as a percentage of net sales, was greater in the largest locality group and the two middle size classes fluctuated below and above the lesser ratio in the smallest locality. With the same exceptions, salary ratios followed an upward trend as the size of locality increased. Rent expense was generally greater in the larger localities but other expense items followed no definite trend.

Comparison Between Stores Providing Delivery Service
and Those not Providing Such Service (Table 13, page 35)

Table No. 13 shows comparisons between stores providing delivery service and those not doing so for the different size and occupancy categories where the number of reporting stores is sufficiently large. Most of the combination stores in the higher sales ranges extended delivery service with the result that there were too few without the service to allow publication of comparable results. Some stores did not answer the question and are not included in this table.

To meet delivery expenses, stores providing this service operated on a wider gross margin. However, their expenses were greater than stores not providing delivery service to the extent that the net profit ratio to sales was smaller.

Comparison Between Less Profitable and More
Profitable Stores (Table 14, page 37)

In this table the reporting stores were classified as below and above the average net profit for all stores in each size of business and occupancy class. Results are shown only in categories where both profit classes have a large enough sample. Items of no significant difference between the two degrees of profit are not shown as they are similar to the results of table 11.

A narrow margin coupled with a high ratio of salary expense placed the less profitable combination store in the below-average class.

CHART 2

OPERATING RESULTS OF RETAIL COMBINATION STORES, 1945

PERCENTAGE
OF NET SALES

PERCENTAGE
OF NET SALES

GROSS MARGIN = NET PROFIT + SALARIES + OTHER EXPENSES

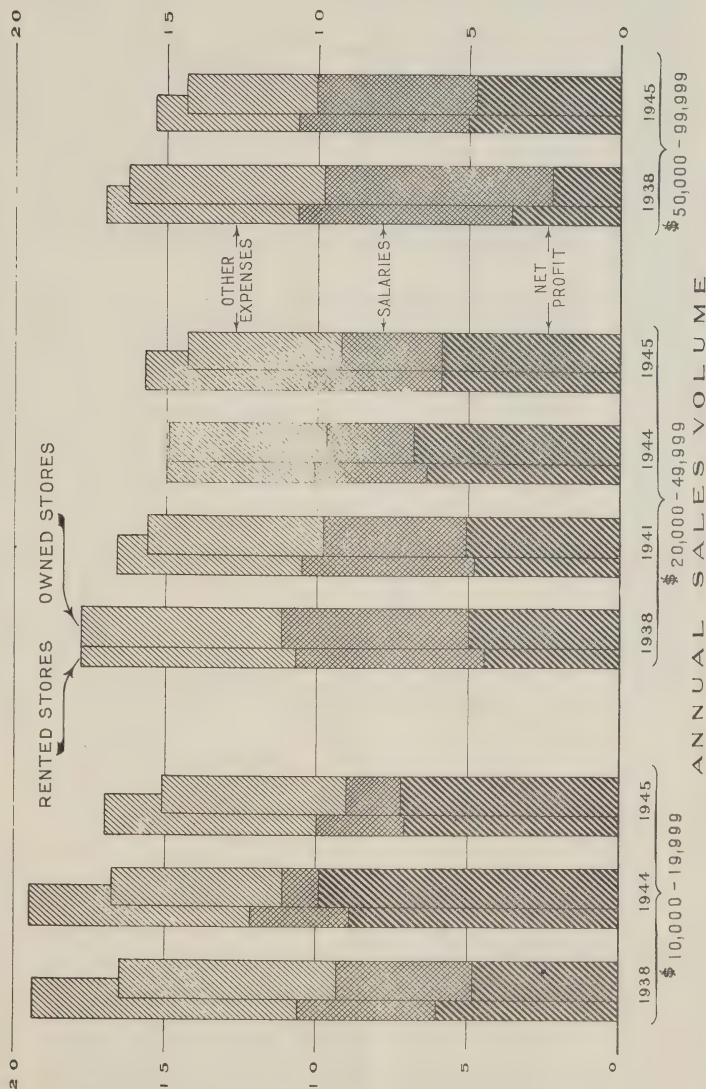


Table 11. - Combination Stores - Operating Results Classified According to Amount of Annual Sales and Occupancy Basis, Canada, 1945

Item	AMOUNT OF ANNUAL SALES											
	\$10,000-		\$10,000-		\$20,000-		\$20,000-		\$50,000-		\$100,000	
	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented
Number of stores reporting	23		86	31	169	190	129	171	49		71	
Average sales per store	6,678		15,336	15,404	32,360	35,067	70,570	71,154	160,778		133,186	
Average inventory beginning of year	794		1,046	994	2,012	1,767	3,576	3,664	9,818		6,585	
Average inventory end of year	877		1,105	965	2,141	1,805	3,649	3,814	9,491		7,011	
Average cost of goods sold, per store	5,373		13,022	12,784	27,722	29,572	60,496	60,235	137,438		113,589	
Stock turnover (times per year)	6.4		12.1	13.1	13.4	16.6	16.7	16.1	14.2		16.7	
Number of working proprietors	24	SAMPLE	88	34	189	201	155	209	70		94	
Gross trading profit (% of sales)	19.5		15.1	17.0	14.3	15.7	14.3	15.3	14.5		14.7	
Operating expenses (% of sales):												
Employees' salaries	0.6		1.8	2.9	3.3	4.4	5.3	5.6	6.4		6.0	
Advertising	(a)		(a)	(a)	0.1	0.1	0.1	0.2	0.2		0.2	
Store supplies	1.3	TOO	1.1	1.5	1.1	1.1	0.9	1.1	0.9		1.1	
Bad debts	0.6		0.3	0.2	0.2	0.3	0.1	(a)	0.2		0.1	
Taxes and insurance	1.6		0.9	0.6	0.6	0.4	0.5	0.4	0.4		0.3	
Rent	-		-	1.9	-	1.2	-	0.9	-		0.8	
Light, heat and power	1.8		1.2	0.9	0.7	0.5	0.5	0.4	0.3		0.3	
Repair and maintenance	1.0		0.9	0.7	0.6	0.4	0.5	0.4	0.5		0.4	
Depreciation	1.3		0.8	0.4	0.8	0.5	0.6	0.4	0.6		0.4	
All other expenses	1.4	SMALL	0.9	0.8	1.0	0.9	1.1	0.9	1.1		0.8	
Total expenses	9.6		7.9	9.9	8.4	9.8	9.6	10.3	10.6		10.4	
Net profits before deduction of proprietors' salaries and income tax	9.9		7.2	7.1	5.9	5.9	4.7	5.0	3.9		4.3	
Average net earnings per store	667		1,101	1,093	1,927	2,053	3,330	3,566	6,216		5,790	
Average customers' accounts outstanding	150		322	265	878	664	2,156	1,900	5,346		3,364	

(a) Less than 0.05 per cent.

Table 12 --Combination Stores - Operating Results Classified According to Size of Locality

for Each Size of Business and Occupancy Class, Canada, 1945
AMOUNT OF ANNUAL \$20,000 - \$49,999

Item	Owned Stores					Served Stores				
	Size of Locality (Population)					Size of Locality (Population)				
	Under 10,000	10,000- 29,999	23	30,000- 99,999	100,000 & over	Under 10,000	10,000- 29,999	30,000 99,999	100,000 & over	
Number of stores reporting	95	23	21	30	30	44	27	27	92	
Average sales per store	32,212	33,305	35,758	29,726	29,726	34,316	36,971	36,674	34,394	
Average inventory beginning of year	2,263	1,801	1,922	1,443	1,443	1,871	2,058	1,534	1,701	
Average inventory end of year	2,408	1,922	2,091	1,498	1,498	1,866	2,175	1,505	1,756	
Average cost of goods sold, per store	27,458	28,602	31,032	25,570	25,570	29,181	31,423	30,841	28,844	
Stock turnover (times per year)	11.8	15.4	15.5	17.4	17.4	15.6	14.9	20.3	16.7	
Number of working proprietors	111	24	23	31	31	47	30	29	95	
Gross trading profit (% of sales)	14.8	14.1	13.2	14.0	14.0	15.0	15.0	15.9	16.1	
Operating expenses (% of sales):										
Employees' salaries	3.6	3.3	3.0	2.5	2.5	3.7	4.4	4.6	4.7	
Advertising	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.1	
Store supplies	1.1	1.2	0.7	1.2	1.2	1.1	1.0	1.3	1.0	
Bad debts	0.2	0.3	0.2	0.1	0.1	0.2	0.2	0.1	0.2	
Taxes and insurance	0.7	0.6	0.6	0.6	0.6	0.4	0.3	0.5	0.5	
Rent	-	-	-	-	-	1.1	1.0	1.3	1.3	
Light, heat and power	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	
Repair and maintenance	0.6	0.5	0.6	0.5	0.5	0.3	0.4	0.3	0.4	
Depreciation	0.8	0.8	0.8	0.8	0.8	0.6	0.4	0.4	0.6	
All other expenses	1.1	0.8	0.9	0.9	0.9	0.7	1.0	0.9	1.0	
Total expenses	8.9	8.2	7.5	7.5	7.5	8.9	9.4	10.0	10.3	
Net profits before deduction of proprietors' salaries and income tax.	5.9	5.9	5.7	6.5	6.5	6.1	5.6	5.9	5.8	
Average net earnings per store	1,894	1,956	2,027	1,938	1,938	2,098	2,055	2,145	2,003	
Average customers' accounts outstanding	961	1,143	959	356	356	899	1,138	671	412	

Table 12.--Combination Stores - Operating Results Classified According to Size of Locality
for Each Size of Business and Occupancy Class, Canada, 1945

Item	AMOUNT OF ANNUAL SALES \$50,000 - \$99,999									
	Owned Stores					Rented Stores				
	Size of Locality (Population)		Size of Locality (Population)		Under 10,000	Size of Locality (Population)		Size of Locality (Population)		100,000 & over
	Under 10,000	10,000-29,999	30,000-99,999	100,000 & over		Under 10,000	10,000-29,999	30,000-99,999	100,000 & over	
Number of stores reporting	57	20	15	37	46	25	29	71		
Average sales per store \$	72,058	72,535	70,099	67,406	71,689	70,775	77,637	68,165		
Average inventory beginning of year ... \$	3,744	3,666	3,488	3,304	4,197	3,005	3,792	3,499		
Average inventory end of year \$	3,882	3,613	3,528	3,358	4,289	3,327	3,761	3,700		
Average cost of goods sold, per store . \$	62,083	62,257	59,831	57,369	61,350	60,580	65,404	57,280		
Stock turnover (times per year)	16.3	17.1	17.1	17.2	14.5	19.1	17.3	15.9		
Number of working proprietors	68	26	17	44	54	33	38	84		
Gross trading profit (% of sales)	13.8	14.2	14.6	14.9	14.7	14.4	15.8	16.0		
Operating expenses (% of sales):										
Employees' salaries	4.8	5.4	5.7	5.9	4.5	5.3	5.9	6.2		
Advertising	0.1	0.2	0.1	0.2	0.2	0.2	0.1	0.1		
Store supplies	0.9	0.8	0.9	0.9	1.0	1.1	1.1	1.1		
Bad debts	0.1	0.2	0.1	0.1	0.2	0.1	0.1	0.1		
Taxes and insurance	0.4	0.6	0.5	0.5	0.3	0.3	0.3	0.5		
Rent	-	-	-	-	0.8	0.9	0.9	0.9		
Light, heat and power	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4		
Repair and maintenance	0.6	0.4	0.4	0.4	0.5	0.3	0.3	0.5		
Depreciation	0.7	0.7	0.5	0.6	0.5	0.3	0.3	0.5		
All other expenses	1.0	0.9	1.2	1.1	0.9	1.1	0.9	0.9		
Total expenses	9.1	9.7	9.6	10.1	9.3	10.0	10.3	11.2		
Net profits before deduction of proprietors' salaries and income tax.										
Average net earnings per store \$	3,359	3,266	3,520	3,242	3,860	3,082	4,267	3,260		
Average customers' accounts outstanding \$	2,718	2,506	1,685	1,295	2,580	2,459	2,112	1,177		

Table 13.--Combination Stores -- Operating Results Classified According to Delivery Service
by Size of Business and Occupancy Class, Canada, 1945

Item	Less than \$10,000				\$10,000 - \$19,999				\$20,000 - \$49,999			
	Owned Deliv- ery	No de- livery	Rented Deliv- ery	No de- livery	Owned Deliv- ery	No de- livery	Rented Deliv- ery	No de- livery	Owned Deliv- ery	No de- livery	Rented Deliv- ery	No de- livery
Number of stores reporting ..	11	11			60	25	25		140	27	164	14
Average sales per store ... \$	7,022	6,041			15,247	15,764	15,859		32,949	29,079	35,707	31,870
Average cost of goods sold, per store	5,684	4,878	SAMPLE	SAMPLE	12,935	13,415	13,099	SAMPLE	28,158	25,224	30,091	27,403
Number of working proprietors	11	12			61	25	28		154	33	173	15
Gross trading profit	19.1	19.3			15.2	14.9	17.4		14.5	13.3	15.7	14.0
Operating expenses:												
Employees' salaries	0.4	0.6			2.3	1.0	3.4		3.5	2.2	4.6	2.2
Store supplies	1.8	0.5			1.2	1.1	1.5		1.1	0.8	1.1	0.9
Repair and maintenance	1.1	0.8			0.8	0.9	0.9		0.5	0.6	0.4	0.4
Depreciation	0.7	1.6	TOO	TOO	0.8	1.0	0.3	TOO	0.8	0.8	0.5	0.4
Total expenses	9.4	9.0			8.3	7.0	10.4		8.6	7.2	10.0	6.8
Net profits before deduction of proprietors' salaries and income tax	9.7	10.3			6.9	7.9	7.0		5.9	6.1	5.7	7.2
Average net earnings per store	683	624	SMALL	SMALL	1,039	1,248	1,107	SMALL	1,960	1,758	2,046	2,294
Average customers' accounts outstanding	216	42			303	363	306		871	956	706	184

Table 13. (Cont'd.)--Combination Stores - Operating Results Classified According to Delivery Service by Size of Business and Occupancy Class, Canada, 1945

Item	\$50,000 - \$99,999				\$100,000 and Over			
	Owned		Rented		Owned		Rented	
	Deliv- ery	No de- livery	Deliv- ery	No de- livery	Deliv- ery	No de- livery	Deliv- ery	No de- livery
Number of stores reporting ..	121		167		48		66	
Average sales per store ... \$	70,897		71,130		161,531		131,505	
Average cost of goods sold, per store	60,775	SAMPLE	60,213	SAMPLE	138,041	SAMPLE	112,091	SAMPLE
Number of working proprietors	146		204		69		87	
Gross trading profit	14.3		15.3		14.5		14.8	
Operating expenses:								
Employees' salaries	5.3		5.6		6.4		6.0	
Store supplies	0.9		1.1		0.9		1.2	
Repair and maintenance	0.5		0.4		0.5		0.4	
Depreciation	0.6	T00	0.4	T00	0.6	T00	0.4	T00
Total expenses	9.5		10.3		10.7		10.5	
Net profits before deduction of proprietors' salaries and income tax	4.8		5.0		3.8		4.3	
Average net earnings per store	3,360	SMALL	3,571	SMALL	6,216	SMALL	5,644	SMALL
Average customers' accounts outstanding	2,222		1,920		5,425		3,488	

Table 4 - Combination Stores - Operating Results Classified According to Degree of Net Profit by Size of Business and Occupancy Class, Canada, 1945

Item	Less than \$10,000						\$10,000 - \$19,999						\$20,000 - \$49,999					
	Owned			Rented			Owned			Rented			Owned			Rented		
	Below Average	Above Average	Average	Below Average	Above Average	Average	Below Average	Above Average	Average	Below Average	Above Average	Average	Below Average	Above Average	Average	Below Average	Above Average	Average
Number of stores reporting ..	13	10					53	33		17	14		84	14		37	14	
Average sales per store ...	7,118	6,106					15,925	14,556		15,667	15,086		33,564	30,825		15,667	15,086	
Average cost of goods sold, per store	5,847	4,757	SAMPLE	SAMPLE	SAMPLE		13,703	11,928		13,275	12,190		29,111	25,982		13,275	12,190	
Number of working proprietors	14	10					54	34		18	14		105	84		18	14	
Gross trading profit	17.9	22.1					13.4	18.0		15.3	19.2		13.3	15.7		15.3	19.2	
Employees' salaries	0.7	0.4	TOO	TOO			2.0	1.5		3.8	1.8		3.7	2.7		3.8	1.8	
Total expenses	10.3	8.5					8.1	7.6		10.4	9.4		9.1	7.4		10.4	9.4	
Net profits before deduction of proprietors' salaries and income tax	7.6	13.6	SMALL	SMALL			5.3	10.4		4.9	9.8		4.2	8.0		4.9	9.8	
Average net earnings per store	540	832					844	1,512		773	1,480		1,428	2,552		773	1,480	
Item	\$20,000 - \$49,999						\$50,000 - \$99,999						\$100,000 and Over					
	Owned			Rented			Owned			Rented			Owned			Rented		
	Below Average	Above Average	Average	Below Average	Above Average	Average	Below Average	Above Average	Average	Below Average	Above Average	Average	Below Average	Above Average	Average	Below Average	Above Average	Average
Number of stores reporting ..	113	77		75	54		86	85		27	22		37	32		22	37	
Average sales per store ...	35,639	34,228		71,335	69,508		74,495	67,775		185,812	130,055		138,856	134,953		185,812	130,055	
Average cost of goods sold, per store	30,377	28,391		61,698	58,826		63,764	56,665		159,921	109,797		119,676	113,650		159,921	109,797	
Number of working proprietors	116	85		82	73		98	111		35	35		43	51		35	35	
Gross trading profit	14.8	17.1		13.5	15.4		14.4	16.4		13.9	15.6		13.8	15.8		13.9	15.6	
Employees' salaries	5.1	3.5		5.7	4.7		6.1	5.0		6.6	6.0		6.4	5.5		6.6	6.0	
Total expenses	10.5	8.9		10.2	8.6		11.1	9.4		11.2	9.7		11.0	9.6		11.2	9.7	
Net profits before deduction of proprietors' salaries and income tax	4.3	8.2		3.3	6.8		3.3	7.0		2.7	5.9		2.8	6.2		2.7	5.9	
Average net earnings per store	1,537	2,809		2,340	4,705		2,430	4,716		5,074	7,616		3,890	8,349		5,074	7,616	

C. Meat Markets

These stores are engaged principally in selling fresh meats with poultry, fish and dairy products. If dry groceries form more than 20 per cent of sales the business is classified as a combination store.

A total of 475 usable reports were received. When classified by size of business and occupancy basis the number of stores in all groups except rented stores with sales less than \$10,000 was sufficiently large to allow publication of results.

Trends by Size of Business (Table 15, page 41)

The gross trading profit ratio, decreasing with sales volume, coupled with an upward trend in expenses, resulted in a considerable decline in net profit ratio to sales in the large stores. Salaries paid to employees accounted for a large share of the total expenses and were greater than in other types of food stores. Because of their larger volume of business, net profits of large meat markets were much greater in dollar value than the net earnings of the average small meat market. In making comparisons with the average store net earnings before deduction of proprietors' salaries, account must be taken of the number of proprietors actively engaged in the different groups.

Inventories were greater at the end of the year than at the beginning for all classes shown. The stock turnover rate fluctuated considerably due to the nature of commodities handled.

Comparison with Previous Years (Chart 3, page 40)

Surveys on operating results were taken in 1938 and in 1944. Some of the business size ranges were not identical for the different surveys but results are shown in Chart 3 for groups which are comparable. While recent years show smaller gross margins, expense curtailment, due to wartime restrictions and regulations, was such that a greater net profit was realized. No change in over-all net profit took place between 1944 and 1945.

D. Fruit and Vegetable Stores

These stores specialize in selling fresh fruits and vegetables so that 50 per cent or more of their sales are made up of such commodities. Other lines handled are; groceries, tobacco, confectionery, and a variety of miscellaneous food products. A total of 260 usable reports were received from independent unincorporated stores.

Trends by Size of Business (Table 16, page 42)

When classified by size of business and occupancy basis, rented stores in the smallest and largest size class were too few to allow publication of results. The fluctuation in the rate of stock turnover is partly due to the different ratios of perishable and non-perishable goods carried by the reporting stores in the different size classes. In common with other food stores, gross margin, as a percentage of net sales, declined as the size of business increased. The total expense ratio did not increase with the increasing volume of business so that the net profit ratio did not

decline as rapidly as the gross margin. A lesser increase in salary expense, due to a greater number of partnership businesses in the higher brackets, accounted for this fact. The number of proprietors in relation to the number of stores reporting has a greater significance when comparing average store net earnings.

E. Confectionery Stores

Stores classified as confectionery stores are those retailing principally such products as candy and confectionery, soft drinks, tobacco, ice cream, papers and magazines. Although other products are handled, the products mentioned above must form 50 per cent of total sales. Light lunches may form a part of the business but not over 40 per cent.

A total of 301 usable reports were received but when classified as to size of business and occupancy basis, only the first three sizes can be shown.

Trends by Size of Business (Table 17, page 43)

Gross trading profit decreased in ratio to net sales as the volume of business expanded with rented stores greater than owned stores in each size class. A slight increase in expenses coupled with the decreasing margin netted a final profit ratio which decreased considerably in the larger stores. Due to business volume the dollar value of average store net earnings increased in proportion to sales.

The inventory position was better at the end of the year than at the beginning for all groups shown. Stock turnover rate did not rise to any degree with increased sales volume.

CHART 3

OPERATING RESULTS OF RETAIL MEAT MARKETS, 1945

GROSS MARGIN = NET PROFIT + SALARIES + OTHER EXPENSES

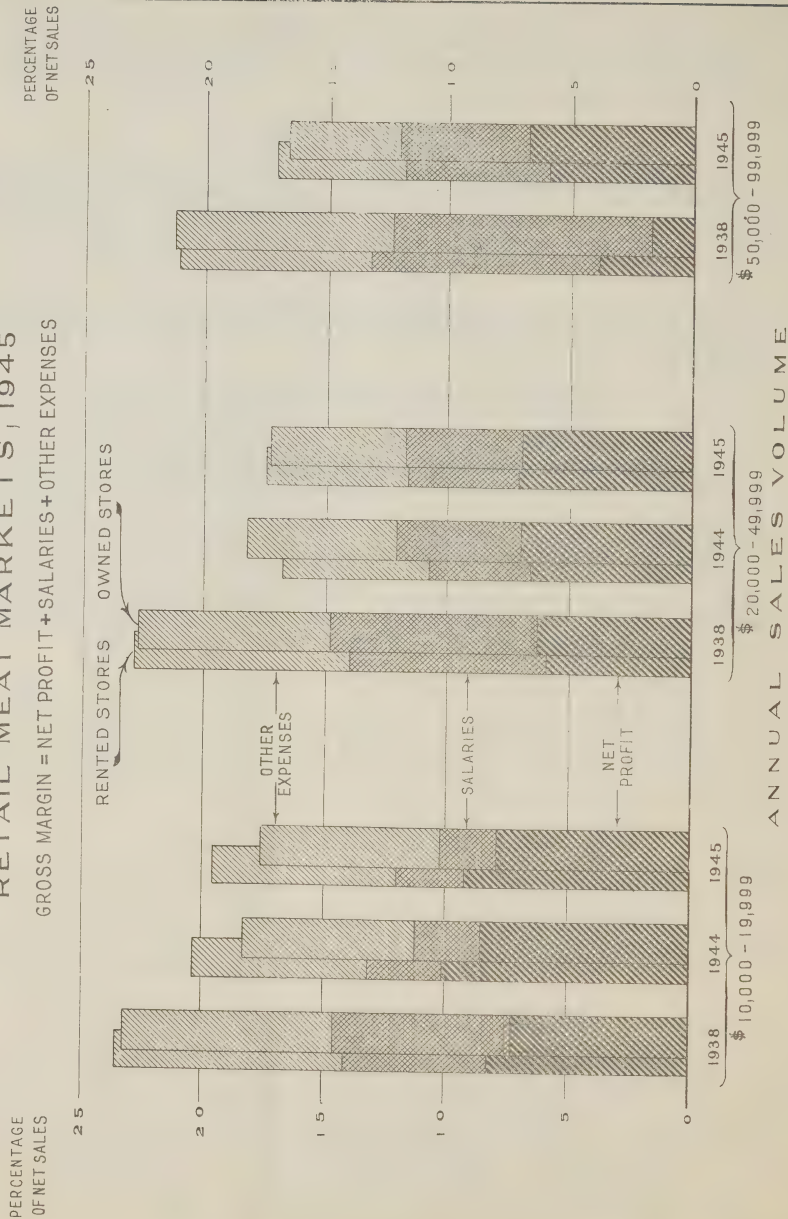


Table 16. Fruit and Vegetable Stores - Operating Results Classified According to Amount of Annual Sales and Occupancy Basis, Canada, 1945

Item	AMOUNT OF ANNUAL SALES									
	Less than \$10,000		\$10,000-\$19,999		\$20,000-\$49,999		\$50,000-\$99,999		\$100,000 and over	
	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented
Number of stores reporting	11		12	34	34	102	11	43		9
Average sales per store	8,254		16,329	15,624	31,674	33,116	62,445	65,707		108,602
Average inventory beginning of year	429		453	625	986	1,145	1,093	2,082		2,547
Average inventory end of year	395		448	694	1,020	1,204	1,609	2,162		2,565
Average cost of goods sold, per store	6,524		13,299	12,784	26,666	27,555	53,845	55,036		93,975
Stock turnover (times per year)	15.8		29.5	19.4	26.6	23.5	39.9	26.1		38.3
Number of working proprietors	11		13	37	44	143	16	88		20
Gross trading profit (% of sales)	20.9		18.5	18.2	15.8	16.8	13.7	15.8		13.5
Operating expenses (% of sales):										
Employees' salaries	0.5		2.5	2.4	2.9	3.5	3.1	3.8		3.4
Advertising	(a)		(a)	(a)	0.1	0.1	(a)	0.1		(a)
Store supplies	1.4		1.9	1.2	1.9	1.7	1.5	1.7		1.5
Bad debts	-		0.2	0.2	(a)	(a)	(a)	-		(a)
Taxes and insurance	0.8		1.3	0.5	1.0	0.4	0.7	0.4		0.4
Rent	4.8		-	2.4	-	2.2	-	1.8		1.3
Light, heat and power	0.8		1.3	0.9	0.6	0.5	0.6	0.4		0.2
Repair and maintenance	0.2		0.7	0.5	0.3	0.4	0.4	0.3		0.3
Depreciation	0.1		0.6	0.3	0.8	0.2	0.5	0.3		0.2
All other expenses	2.0		1.1	1.2	0.8	0.9	1.1	1.0		1.2
Total expenses	10.6		9.6	9.6	8.4	9.9	7.9	9.8		8.6
Net profits before deduction of proprietors' salaries and income tax.										
Average net earnings per store	851		1,461	1,344	2,345	2,280	3,642	3,954		5,313
Average customers' accounts outstanding (a) Less than 0.05 per cent.	16		2	20	85	65	262	527		573

Table 17.--Confectionery Stores - Operating Results Classified According to Amount of Annual Sales and Occupancy Basis, Canada, 1945

Item	AMOUNT OF ANNUAL SALES							
	Less than \$10,000		\$10,000-\$19,999		\$20,000-\$49,999		\$50,000-\$99,999	
	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented
Number of stores reporting	35	35	35	83	25	83		
Average sales per store	6,494	7,197	14,651	14,742	30,149	27,755		
Average inventory beginning of year	731	399	730	867	1,632	1,328		
Average inventory end of year	787	397	810	889	1,763	1,418		
Average cost of goods sold, per store	5,255	5,799	12,224	12,050	25,387	22,830		
Stock turnover (times per year)	11.9	14.6	15.9	13.8	15.0	16.6		
Number of working proprietors	37	37	38	87	30	88	SAMPLE	SAMPLE
Gross trading profit (% of sales,	19.1	19.4	16.5	18.2	15.8	17.7		
Operating expenses (% of sales):								
Employees' salaries	0.9	0.6	1.7	2.3	3.4	3.9		
Advertising	(a)	0.1	(a)	0.1	0.1	0.1		
Store supplies	0.5	0.7	0.6	0.7	0.7	0.6		
Bad debts	0.1	0.2	0.1	0.1	(a)	0.1		
Taxes and insurance	1.2	0.7	0.9	0.6	0.7	0.4		
Rent	-	3.4	-	2.4	-	1.9		
Light, heat and power	1.9	1.8	1.3	1.0	0.9	0.9		
Repair and maintenance	0.9	0.6	0.8	0.4	0.6	0.6		
Depreciation	0.6	0.4	0.8	0.5	0.8	0.4		
All other expenses	0.8	0.9	0.7	0.8	0.8	0.9		
Total expenses	6.9	9.4	6.9	8.9	8.1	9.8	SMALL	SMALL
Net profits before deduction of proprietors' salaries and income tax.	12.2	10.0	9.6	9.3	7.7	7.9		
Average net earnings per store	792	717	1,412	1,372	2,331	2,212		
Average customers' accounts outstanding	13	17	29	50	57	52		
(a) Less than 0.05 per cent.								

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OPERATING RESULTS
OF
RETAIL FOOD STORES
1946

BULLETIN NO. 1



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**OPERATING RESULTS
OF
RETAIL FOOD STORES
1946**

INDEPENDENT:

GROCERY STORES

COMBINATION STORES

MEAT STORES

FRUIT & VEGETABLE STORES

CONFECTIONERY STORES

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DEFINITIONS.....

NET SALES represent the real volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

GROSS MARGIN is the difference between the cost of merchandise sold and the selling price. The cost of merchandise sold is calculated by adding the beginning inventory to net purchases and deducting the ending inventory.

OPERATING EXPENSES are the amounts paid out for any and all expenses incurred in the operation of a business, except the cost of merchandise. These include:

Salaries and wages - paid to employees before deduction of income taxes or unemployment insurance. Proprietors' salaries or withdrawals are included in Net Profit.

Advertising

Store supplies - used in the business during the year - wrapping paper, office supplies, gasoline and oil for delivery trucks.

Loss on bad debts - during the year - amount written off
Less debts which are recovered.

Taxes and Insurance - business, property and water taxes, licences including truck licences, and insurance premiums carried for the protection of the business. Income taxes and other taxes collected for remittance to governmental bodies are not included.

Rentals - monies paid for premises used only in the business.

Heat, light and power expenses - amount paid for these used during the year.

Repairs and maintenance - incurred for the purposes of keeping fixed store assets, including delivery equipment, operating efficiently.

Depreciation - allowances to cover decreases in the value of fixed store assets, including delivery equipment.

Occupancy expense - comprises taxes and insurance, rent, heat, light and power, repairs and maintenance, and depreciation.

Other expenses - telephone, telegraph, postage, bank charges, legal fees, collection and auditing fees, etc.

NET PROFIT is the difference between gross margin and total expenses, and includes proprietors' salaries and withdrawals.

STOCK TURNOVER is the number of times in a year that the merchandise is sold and replaced. The average of the beginning and year ending inventories is divided into the cost of merchandise.

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OPERATING RESULTS OF RETAIL FOOD STORES

INTRODUCTION

The operating results of retail food stores for 1946 are presented in this report, which continues the series of bulletins published in 1944 and 1945. The survey is based upon operating statements contributed by a sample of firms throughout the country and covers five types of stores.

Several innovations in the treatment of the subject matter have been introduced. A case study which describes the background and operating experiences of a food merchant should help other food retailers to use the average ratios presented herein. Results of the five types of food stores are grouped to provide a composite picture of the trade. Illustrated tables and charts clarify and facilitate understanding of the text. It is hoped that food merchants, students, and others, will consult these reports as sources of reference and information.

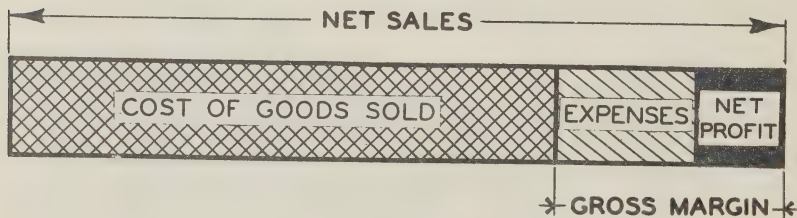
Once each year, at least, the merchant must come to grips with the problem of describing his operations, and calculating his expenses and profits. At the same time he may make plans for the coming months, applying his knowledge, experience, and personal observations to increase the efficiency of his business. This bulletin has been prepared for the purpose of augmenting the merchants experience with data which describe the operations of his own type and size of business.

Our studies do not attempt to deal with such matters as store layout, advertising display, and salesmanship which may be called methods of operation. The emphasis here is upon operating results, comparisons of profit and loss statements, and their component parts.

The necessity of maintaining some orderly systym of book-keeping cannot be over-emphasized. If some method of current record keeping is not employed, it is difficult to compare individual operations with the ones here derived. It is essential that the meanings of terms be checked in such comparisons. For this purpose a list of definitions has been inserted at the beginning of this bulletin.

The formula for operating ratios as illustrated in the chart is

$$\text{NET SALES} = \text{COST OF GOODS SOLD} + \text{GROSS MARGIN}$$



$$\text{GROSS MARGIN} = \text{EXPENSES} + \text{NET PROFIT}$$

CASE STUDY.....

Every retail merchant faces questions of this nature about his operations:

- o what is an adequate profit for his line of business,
- o what proportion should be paid out in wages to employees,
- o how much inventory should be carried,
- o what is the proper amount to pay for rent in relation to the size of his business,
- o how many times a year should inventory be turned over.

In order to help merchants use the average ratios computed in the survey, a case study of the operations of a combination food dealer in an Ontario city has been made. Merchant A is a composite of several food store operators in the \$20,000 - \$49,999 size of business class. He operated a fair-sized remodelled store, with brick veneer front, and modern lighting of both windows and interior. The shop has a spacious, orderly atmosphere, and provides many conveniences, such as bags and scales in accessible positions. Vegetables are displayed in bins, meat is kept in a large white unit at the back of the store opposite the double center entrance. Semi-self-service is provided, so that Merchant A, a butcher, a delivery boy, and a member of the family who is cashier during the afternoon, can operate the shop.

Merchant A's operating ratios and the average ratios of a sample of stores in his size-of-business class follow:

MERCHANT A'S OPERATING RESULTS COMPARED WITH AVERAGE RESULTS
FOR HIS SIZE-OF-BUSINESS CLASS

ITEM	MERCHANT A (x)	AVERAGE (x)
Net Sales	\$26,671	\$32,427
Beginning Inventory	2,403	2,143
Merchandise Purchases	21,705	27,656
Ending Inventory	2,609	2,450
Cost of Goods Sold	\$21,499	\$27,349
Gross Margin	19.4%	14.7%
Operating Expenses:		
Employees' Salaries	5.7	3.2
Store Supplies	1.6	0.8
Taxes	0.5	0.4
Rentals	1.4	1.3
Heat, Light, Power	0.6	0.5
Repairs, Maintenance	0.6	0.3
Depreciation	0.5	0.4
All Other	0.6	0.8
Total Operating Expenses	11.5	7.9
Net Profit	7.9%	6.8%
Stock Turnover (times per year)	18.8	12.0

(x) In order not to reveal actual results of any one firm, figures here quoted are averages of the data supplied by several merchants.

(*) Computed from a sample of results for combination stores in the \$20,000-\$49,999 size-of-business class.

A comparison of Merchant A's net profit with average net profit for his size-of-business class was indicative of his efficiency. The fact that his net sales and merchandise purchases fell below the average had no particular significance. His low cost of goods sold and high gross margin were the result of skilful buying of stocks of desirable merchandise at favourable prices and from selling some items at slightly higher than average prices. His 18.8 stock turn rate was unusually rapid and is one and one-half times the average stock turn of 12.0. He provided extra service for his customers including cellophane packaging for many articles, special bags for vegetables, delivery, and credit.

For each item Merchant A's expense ratios were greater than average ratios. His salary expense covered wages paid to a first-class butcher, and to a delivery boy, which probably accounted for his high salary percentage. His rental corresponds favourably with the average and he maintains his shop in an excellent state of repair. Merchant A makes a careful allocation of expense items so that his miscellaneous "all other" expense ratio is low. The total operating expense ratio of 11.5 is much higher than the average 7.9 but a nice balance is maintained between cost-of-goods-sold and expense so that the profit ratio is high.

For the early post-war period, Merchant A intelligently assessed his neighbourhood and his competitive position. Because he foresaw keener competition he planned adjustment of his ratios to correspond more closely with average percentages. He gave special consideration to his pricing problem as a first step toward increasing his net sales. He planned to make a gradual change from a specialized service type of operation to price-appeal-quantity merchandising. Rearrangement of his store to permit semi-self-service has already enabled him to dispense with the help of a part time clerk and to bring his salary expense into better line with the average ratio. In addition, there will be more intensive utilization of the space he has available by pro-rating costs such as floor and shelf space expenses, and elimination of the "loser" items through the direction of effort toward the potentially more profitable ones.

Thus Merchant A used as a yardstick the average operating results of his fellow merchants against which he matched his own carefully kept records. With this background he adjusted and readjusted himself to changing conditions of purchasing, marketing, and competition.

It should be borne in mind that average operating ratios are compiled from figures submitted by firms included in the survey. Actually there is, of course, considerable variation between one firm and another in the food trade. Such differences are the result of peculiar sets of circumstances which form the operating background of each different firm. This fact does not, however, discount the usefulness of the ratios as a standard of measurement.

HIGHLIGHTS AND SUMMARY IN 1946.....

• All types of food businesses indicated a tendency to resume pre-war operating patterns. The trend to lower gross margins and higher net profits appeared to have levelled off.

• Net profits decreased in ratio to sales as business volume expanded, but dollar value of net earnings per store showed marked gains.

• While dollar value of average inventories increased the change in physical volume of merchandise was not as great. Food prices index rose from 134.3 in December 1945 to 146.4 in December 1946.

• Rate of stock turnover per year declined since 1945 for every type of retail food store.

• Average gross margin of combination stores was intermediate between those of groceries and meat markets, but net profit ratio was short of both.

GROCERY STORES

1. The average grocery store realized a gross margin of 14.3 per cent in 1946, compared to 14.1 per cent in 1945 and 14.2 per cent in 1944. Operating expenses increased from previous years to 8.3 per cent of net sales, leaving a net profit of 6.0 per cent. (See Table 1, page 9.)
2. Net profits, expressed as percentages of net sales, followed a general downward trend as the volume of business increased. Salaries and wages paid to employees increased with business volume and accounted for a similar pattern in total expenses. Stock was turned over more frequently in large stores than in the smaller ones. Although net profits decreased in ratio to sales as the business volume expanded, the dollar value of net earnings per store showed marked gains. (See Table 6, page 18.)
3. Rented stores in all size classes maintained greater gross margins than did owned stores. Their greater occupancy costs, however, offset the advantage in gross margin to result in very similar ratios of net profit. (See Table 6, page 18.)

4. A smaller proportion was spent on employees' salaries and wages in businesses owned and operated as partnerships than in businesses owned by individuals in the same size range. Net profits, before deduction of proprietors' salaries and income tax, were correspondingly greater for partnership businesses. (See Table 7, page 19.)

TABLE 1. - OPERATING RESULTS OF RETAIL GROCERY STORES - 1944, 1945, 1946

Item	1946 Owned and Rented Combined			1945 Owned and Rented Combined	1944 Owned and Rented Combined
	Individuals	Partnerships	Total		
No. of stores reporting	1,256	156	1,412	1,594	310
Average net sales per store \$	32,797	53,419	35,075	32,356	27,233
Gross margin	14.3	14.6	14.3	14.1	14.2
Operating expenses:					
Employees' salaries	3.9	3.4	3.8	3.4	3.3
Advertising	0.1	0.1	0.1	0.1	0.1
Store supplies ...	0.9	0.8	0.9	0.8	
Bad debts	0.1	0.1	0.1	0.1	
Occupancy expense	2.6	2.3	2.5	2.6	4.5
All other expenses	0.9	0.9	0.9	1.0	
Total operating expenses	8.5	7.6	8.3	8.0	7.9
Net profits before deduction of proprietors' salaries and income tax	5.8	7.0	6.0	6.1	6.3

(Items expressed as percentage of net sales)

COMBINATION GROCERY AND MEAT STORES

1. In 1946 the average combination store operated on a gross margin of 15.1 per cent of net sales which was slightly higher than that realized in 1945. Expenses, particularly higher salaries, more than cancelled the gain in margin to net a profit of 4.8 per cent compared with 5.0 per cent in 1945 and 5.8 per cent in 1944. (See Table 2, page 10.)
2. Increased salary cost in the larger stores was accompanied by a reverse trend in the ratio of net profits. Because of the greater volume of sales, the diminishing ratios of net profit in the larger stores actually produced greater dollar value of net profits. A more rapid rate of stock replacement is evident in stores of greater business volume. (See Table 8, page 22.)

3. As with grocery stores, businesses operated from rented premises procured wider margins than those conducted from owned premises. Despite this advantage, operating expenses were generally greater and net profits of similar proportions were earned. (See Table 8, page 22.)
4. Businesses operated by partners paid a smaller proportion as employees' salaries, than did individually owned businesses. This saving in expense netted the partnerships a greater profit than that procured by individual owners - 5.3 per cent compared with 4.6 per cent. From the average 5.3 per cent ratio, however, there was eventual deduction of more than one proprietor's withdrawal. (See Table 9, page 23.)

TABLE 2. - OPERATING RESULTS OF COMBINATION STORES - 1944, 1945, 1946.

Item	1946 Owned and Rented Combined			1945 Owned and Rented Combined	1944 Owned and Rented Combined
	Indi- viduals	Partner- ships	Total		
No. of stores reporting	734	146	880	926	175
Average net sales per store \$	56,980	88,923	62,280	56,956	43,268
Gross margin	15.2	14.8	15.1	14.9	15.2
Operating expenses:					
Employees' salaries	5.8	5.0	5.6	5.2	4.6
Advertising	0.1	0.1	0.1	0.2	0.2
Store supplies ...	1.1	1.2	1.1	1.0	
Bad debts	0.1	0.1	0.1	0.1	
Occupancy expense	2.5	2.1	2.4	2.4	
All other expenses	1.0	1.0	1.0	1.0	
Total operating expenses	10.6	9.5	10.3	9.9	9.4
Net profits before deduction of proprietors' salaries and income tax	4.6	5.3	4.8	5.0	5.8

(Items expressed as percentage of net sales)

MEAT MARKETS

1. In 1946 meat markets on the average, realized wider gross margins than in the two previous years. This increase, however, was more than absorbed in higher salary expenses of 5.9 per cent of net sales as compared with 5.4 per cent, with a resultant decrease in net profit. There was no appreciable change in the ratio of the remaining expense items from 1945 to 1946. (See Table 3, page 11.)

2. Gross margins decreased in ratio to net sales as business volume expanded. Net profits followed the same trend while the salary cost increased with sales volume. Because of the greater volume of business, the diminishing net profit ratios in the larger stores actually represented higher dollar net earnings. (See table 10, page 26.)

TABLE 3. - OPERATING RESULTS OF MEAT MARKETS - 1944, 1945, 1946.

Item	1946 Owned and Rented Combined	1945 Owned and Rented Combined	1944 Owned and Rented Combined
No. of stores reporting	439	475	182
Average net sales per store \$	52,581	46,403	42,103
Gross margin	17.2	16.9	17.1
Operating expenses:			
Employees' salaries	5.9	5.4	5.4
Advertising	0.1	0.1	0.1
Store supplies	1.4	1.3	
Bad debts	0.1	0.1	
Occupancy expense	2.7	2.7	5.6
All other expenses	1.2	1.3	
Total operating expenses ...	11.4	10.9	11.1
Net profits before deduction of proprietors' salaries and income tax	5.8	6.0	6.0

(Items expressed as percentage of net sales)

FRUIT AND VEGETABLE STORES, CONFECTIONERY STORES

1. The average fruit and vegetable store operated on a gross margin of 16.1 per cent which was very little changed from the 16.0 per cent of 1945. An increase in salary expense was the cause of a slightly reduced net profit - 6.5 per cent as compared with 6.6 in 1945. (See table 4, page 12.)
2. In 1946 the average independent confectionery store operated on a margin of 18.9 per cent, which was considerably narrower than the 20.7 per cent margin of 1945. Although employees' salaries formed a larger ratio than in the previous year, other expenses lessened to result in a net profit of 8.8 per cent of net sales.
3. In common with other food stores, both gross and net profits in fruit and vegetable stores and confectionery stores diminished in ratio to sales volume. In all size and occupancy categories, inventories were greater at the end of the year than at the beginning. In 1946 rented stores operated on wider gross margins than owned stores but disbursed a larger proportion for expenses to net quite similar profits. (See tables 11 and 12, pages 28 and 29.)

TABLE 4. - OPERATING RESULTS OF FRUIT AND VEGETABLE STORES - 1944, 1945, 1946.

Item	1946 Owned and Rented Combined	1945 Owned and Rented Combined	1944 Owned and Rented Combined
No. of stores reporting	274	260	105
Average net sales per store \$	39,568	38,958	37,183
Gross margin	16.1	16.0	16.4
Operating expenses:			
Employees' salaries	3.7	3.4	3.5
Advertising	0.1	0.1	0.1
Store supplies	1.6	1.6	
Bad debts	(a)	(a)	
Occupancy expense	3.2	3.3	6.2
All other expenses	1.0	1.0	
Total operating expenses ...	9.6	9.4	9.8
Net profits before deduction of proprietors' salaries and income tax	6.5	6.6	6.6

(Items expressed as percentage of net sales)

(a) Less than 0.05 per cent.

TABLE 5. - OPERATING RESULTS OF CONFECTIONERY STORES - 1944, 1945, 1946.

Item	1946 Owned and Rented Combined	1945 Owned and Rented Combined	1944 Owned and Rented Combined
No. of stores reporting	319	301	165
Average net sales per store \$	19,735	18,582	16,307
Gross margin	18.9	20.7	19.5
Operating expenses:			
Employees' salaries	3.9	3.6	3.2
Advertising	0.1	0.1	0.1
Store supplies	0.7	0.7	
Bad debts	0.1	0.1	
Occupancy expense	4.4	5.1	6.6
All other expenses	0.9	1.0	
Total operating expenses ...	10.1	10.6	9.9
Net profits before deduction of proprietors' salaries and income tax	8.8	10.1	9.6

(Items expressed as percentage of sales)

A COMPARISON OF MAIN ITEMS ON THE PROFIT-AND-LOSS STATEMENT

GROSS MARGIN AND NET PROFIT

Operating results for 1946 revealed a tendency to return to the relative ratios of the pre-war period. A study of war-year figures of retail food stores, by store types, disclosed a well-defined downward trend in gross margin ratios accompanied by an upward trend in net profits. From the table, gross margins in meat markets declined from 22.4 in 1938 to 16.9 through 1945 and rose to 17.2 in 1946. Net profits of grocery stores increased from 4.5 per cent in 1938 to 6.3 in 1944, 6.1 in 1945 and declined to 6.0 in 1946. Food merchants, who had, to a considerable degree, maintained the lower expenses of the war period, were still offering less advertising, limited delivery, and more self-service. Nevertheless, decreases in gross margin and gains in net profit evidenced during the war years were moderately reversed in 1946. Only in the case of confectioneries did gross margins decline, after having increased in 1945. This may be due, in part, to the greater diversity of products and services, such as dry groceries, kitchenware, added by this type of business. Average net profits of confectioneries, which had also increased in 1945, declined 1.3 per cent. Complete data for Meat, Fruit and Vegetable, and Confectionery stores are not available.

GROSS MARGINS AND NET PROFITS - 1938, 1941, 1944, 1945, 1946.

Year	GROCERY		COMBINATION		MEAT		FRUIT AND VEGETABLE		CONFECTIONERY	
	Gross Margin	Net Profit	Gross Margin	Net Profit	Gross Margin	Net Profit	Gross Margin	Net Profit	Gross Margin	Net Profit
1938 .	16.0	4.5	17.4	4.1	22.4	5.6	(NOT AVAILABLE)			
1941 .	15.2	5.7	16.9	5.2						
1944 .	14.2	6.3	15.2	5.8	17.1	6.0	16.4	6.6	19.5	9.6
1945 .	14.1	6.1	14.9	5.0	16.9	6.0	16.0	6.6	20.7	10.1
1946 .	14.3	6.0	15.1	4.8	17.2	5.8	16.1	6.5	18.9	8.8

Gross margins in meat markets, where perishability of the product is an important factor, were 2.9 per cent higher in 1946 than that for grocery stores, while combination store ratios were intermediate between the two. Net profits, however, did not assume this pattern. The average net profit of combination stores was 1 per cent less than the net profit ratio for meat markets and 1.2 per cent less than that for grocery stores.

Confectioneries operated on the highest average gross margins and earned the largest average net profits. While gross margin ratios for groceries were least, smallest net profits were earned by combination stores.

AVERAGE BEGINNING AND ENDING INVENTORIES, AND STOCK TURNOVER

Average beginning and ending inventories of combination stores were greatest while those of meat markets were lowest. Though the average value of stocks held by all five types of food stores increased, it should be borne in mind that this increase is in dollar value, which if assessed together with food price indexes of 133.0 in 1945 and 140.4 in 1946, (1935-1939=100), provides some basis for the conclusion that actual physical inventories may not have been augmented.

The rate of stock turnover per year has declined for every type of store since 1945. Meat markets, where the stock turn is great due to the perishability factor, revealed a decline of 4.4 per cent from 1945 while the rate of combination stores diminished by one per cent. Data for fruit and vegetable shops and confectioneries were not as complete but evidenced a similar tendency.

BEGINNING AND ENDING INVENTORIES AND STOCK TURNOVER - 1938, 1941, 1945, 1946.

Year	GROCERY			COMBINATION			MEAT		
	Begin- ning Inven- tory	Ending Inven- tory	Stock turn- over (*)	Begin- ning Inven- tory	Ending Inven- tory	Stock turn- over (*)	Begin- ning Inven- tory	Ending Inven- tory	Stock turn- over (*)
	\$	\$		\$	\$		\$	\$	
1938.	2,570	2,472	9.9	2,275	2,265	13.0	738	723	31.0
1941.	2,636	2,979	7.9	2,046	2,324	13.0	(not available)		
1945.	2,382	2,468	11.5	3,084	3,176	15.5	882	972	41.6
1946.	2,442	2,843	11.4	3,231	3,846	14.9	1,054	1,284	37.2

Year	FRUIT AND VEGETABLE			CONFECTIONERY		
	Begin- ning Inven- tory	Ending Inven- tory	Stock turn- over (*)	Begin- ning Inven- tory	Ending Inven- tory	Stock turn- over (*)
	\$	\$		\$	\$	
1945.	1,212	1,283	26.2	970	1,030	15.3
1946.	1,278	1,418	24.6	1,117	1,352	13.0

(*) Times per year.

AVERAGE OPERATING EXPENSES

The largest item of operating expenses was salaries paid to employees, with combination stores and meat markets paying out most, 5.6 and 5.9 per cent respectively. Ratios for the other types of stores were under 4.0 per cent of average net sales.

Fruit and Vegetable, and Confectionery stores had the highest occupancy expenses whereas confectionery stores, some of which remain open in the evening, had the highest ratio for heat, light, and power. The major percentage of store and office supplies was used by fruit and vegetable stores.

The total expense ratio was largest for meat markets, and lowest for grocery stores, with combination stores intermediate between groceries and meat markets.

AVERAGE OPERATING EXPENSES, 1946

Expense	Grocery	Combination	Meat Markets	Fruit and Vegetable	Confectionery
Salaries	3.8	5.6	5.9	3.7	3.9
Supplies	0.9	1.1	1.4	1.6	0.7
Occupancy (*)	2.0	2.0	2.2	2.7	3.3
Light, heat, & power ..	0.5	0.4	0.5	0.5	1.1
Others	1.1	1.2	1.4	1.1	1.1
TOTAL	8.3	10.3	11.4	9.6	10.1

(*) Includes all occupancy expenses save light, heat, and power.

GENERAL DISCUSSION, TABLES, AND CHARTS.....

1. GROCERY STORES

The stores included in this category are those commonly known as grocery stores. Other commodities are handled but to remain in this classification the percentage of such commodities must be small. After careful editing of the reports received, 1,412 usable reports from independent unincorporated stores were tabulated. The results are presented in the following tables.

Due to changing ratios in some expense items, it is considered advisable to present operating results for different size classes. For this purpose five arbitrary size ranges have been selected. The results of the smallest size class may not always be comparable with the others because less accurate records are kept by some of the reporting firms and also because any unusual expense will distort the ratio, which is based on a smaller sales figure. A further division is made in each size range between businesses operated in owned and rented premises.

Trends by Size of Business (Table 6, page 18)

In 1946, gross margins in the different size of business categories ranged from 16.5 per cent of net sales to 13.4 per cent in owned stores, and from 17.4 per cent to 14.5 per cent in rented stores. The greater ratios were in the smallest size class but the trend was not uniform in decline over the size brackets to the lowest ratios.

A regular trend in the ratio of expenses increasing with sales volume, (see Chart 1) was accompanied by an inverse trend of consistently declining net profit from 9.3 per cent in the small stores to 4.0 per cent in the largest size stores. Of the expense items, salaries paid to employees was the largest and increased proportionately with sales volume.

Every size of business carried a greater average inventory at the end of 1946 than at the beginning. Stocks were replaced more often in the larger stores than in the smaller, ranging from a turnover rate of 12.6 times per year in the former to one of 6.6 times in the latter.

Comparison Between Individual and Partnership Business (Table 7, page 19)

Since proprietors' salary or withdrawal has been included in net profit, net profits of individually owned businesses and partnerships are not directly comparable. In most instances individual ownerships paid a greater proportion in salaries and netted lesser profits than did partnerships, (see Table 7). The relationship between salaries paid employees and net profits, including proprietors' salaries, for these two types of organization are shown for certain size classes.

Comparison with Previous Years

A slight improvement in gross margin for most sizes of business classes, displaced the decline in margins from 1938 to 1945. Salary expense lessened considerably from 1938 to 1945 but increased moderately in 1946. (See Chart 1).

OPERATING RESULTS OF RETAIL GROCERY STORES

GROSS MARGIN = NET PROFITS + SALARIES + OTHER EXPENSES

OWNED STORES

ANNUAL SALES
VOLUME

PERCENTAGE OF NET SALES

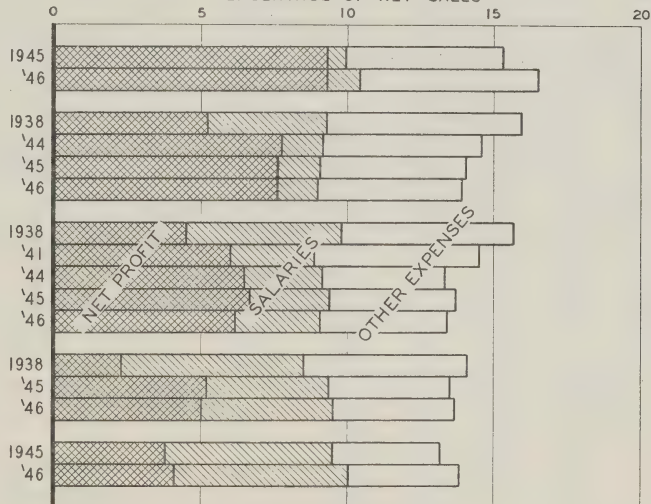
LESS THAN \$10,000

\$10,000—19,999

\$20,000—49,999

\$50,000—99,999

\$100,000 AND OVER



RENTED STORES

LESS THAN \$10,000

\$10,000—19,999

\$20,000—49,999

\$50,000—99,999

\$100,000 AND OVER



Table 6.--Grocery Stores - Operating Results Classified According to Amount of Annual Sales and Occupancy Basis, Canada, 1946

Item	AMOUNT OF ANNUAL SALES									
	\$10,000-		\$10,000-		\$20,000-		\$50,000-		\$100,000	
	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented
Number of stores reporting	92	46	204	128	327	342	79	144	19	31
Average net sales per store	7,178	7,536	14,641	15,026	31,544	32,427	66,002	67,928	149,632	140,222
Average cost of goods sold, per store ..	5,993	6,555	12,606	12,778	27,302	27,656	56,967	57,721	128,968	119,832
Average inventory beginning of year ...	848	800	1,357	1,243	2,271	2,143	4,299	4,242	10,187	8,949
Average inventory end of year	969	897	1,482	1,381	2,614	2,450	5,198	4,945	13,104	10,977
Stock turnover (times per year)	6.6	7.7	8.9	9.7	11.2	12.0	12.0	12.6	11.1	12.0
Average net profits per store	667	726	1,105	1,165	1,950	2,198	3,297	3,785	6,126	5,653
Number of working proprietors	97	47	220	133	357	379	99	193	27	41
PROFIT AND LOSS DATA										
(Items Expressed as Percentages of Net Sales)										
Gross margin	16.5	17.4	13.9	15.0	13.4	14.7	13.7	15.0	13.8	14.5
Operating expenses:										
Employees' salaries and wages	1.1	0.6	1.4	1.4	2.9	3.2	4.5	4.9	5.9	5.9
Advertising	(a)	0.1	0.1	0.1	0.2	0.1	0.2	0.2	0.2	0.2
Store supplies	0.9	1.0	0.9	0.8	0.7	0.8	0.9	0.9	0.8	1.0
Bad debts	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1	(a)	0.1
Taxes and insurance	1.2	0.6	0.8	0.5	0.7	0.4	0.6	0.3	0.4	0.4
Rent	-	3.3	-	1.9	-	1.3	-	1.1	-	1.0
Light, heat and power	1.4	1.4	1.1	0.8	0.6	0.5	0.5	0.4	0.3	0.3
Repairs and maintenance	0.8	0.2	0.5	0.4	0.5	0.3	0.5	0.3	0.5	0.4
Depreciation	0.6	0.3	0.5	0.3	0.6	0.4	0.5	0.3	0.4	0.2
All other expenses	0.9	0.6	0.8	0.9	0.9	0.8	0.9	1.0	1.2	1.0
Total operating expenses	7.2	8.3	6.3	7.2	7.2	7.9	8.7	9.5	9.7	10.5
Net profits before deduction of proprietors' salaries and income tax	9.3	9.1	7.6	7.8	6.2	6.8	5.0	5.5	4.1	4.0

(a) Less than 0.05 per cent.

Table 7.-Grocery Stores - Operating Results of Individual Ownerships and Partnerships, Canada, 1946

Item	AMOUNT OF ANNUAL SALES									
	\$10,000-\$19,999		\$20,000-\$49,999		\$50,000-\$99,999		\$100,000-\$149,999		\$150,000-\$199,999	
	Indi- viduals	Part- ner- ships	Indi- viduals	Part- ner- ships	Indi- viduals	Part- ner- ships	Indi- viduals	Part- ner- ships	Indi- viduals	Part- ner- ships
Number of stores reporting	191	13	302	25	306	36	63	16	100	44
Average net sales per store	14,471	17,129	31,319	34,261	32,136	34,896	65,089	69,602	67,252	69,488
Average cost of goods sold, per store ..	12,475	14,533	27,110	29,612	27,404	29,801	56,364	59,339	57,145	59,030
Average inventory beginning of year ...	1,347	1,508	2,279	2,168	2,139	2,180	4,342	4,127	4,133	4,490
Average inventory end of year	1,484	1,451	2,597	2,814	2,440	2,537	5,100	5,563	4,817	5,237
Stock turnover (times per year)	13.8	9.8	11.1	11.9	12.0	12.6	11.9	12.2	12.8	12.1
Average net profits per store	1,075	1,538	1,917	2,741	2,094	3,087	2,942	4,694	3,466	4,506
Number of working proprietors	191	29	302	55	306	73	63	34	100	92

	PROFIT AND LOSS DATA (Items Expressed as Percentages of Net Sales)									
	13.8	15.2	13.4	13.6	14.7	14.6	13.4	14.7	15.0	15.0
Gross margin	13.8	15.2	13.4	13.6	14.7	14.6	13.4	14.7	15.0	15.0
Operating expenses:										
Employees' salaries and wages	1.4	1.4	3.0	1.5	3.5	1.4	4.6	4.1	5.3	4.1
Advertising	0.1	0.1	0.2	0.1	0.1	0.1	0.2	0.1	0.2	0.2
Store supplies	0.9	0.6	0.7	0.9	0.8	0.6	0.9	0.9	0.9	0.9
Bad debts	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Taxes and insurance	0.6	0.8	0.7	0.6	0.4	0.3	0.6	0.5	0.3	0.3
Rent	-	-	-	-	1.3	1.3	-	-	1.0	1.1
Light, heat and power	1.1	0.9	0.6	0.6	0.5	0.5	0.5	0.4	0.4	0.4
Repairs and maintenance	0.6	0.5	0.5	0.4	0.3	0.3	0.5	0.5	0.4	0.3
Depreciation	0.5	0.5	0.6	0.6	0.4	0.2	0.6	0.5	0.3	0.3
All other expenses	0.8	1.2	0.9	0.7	0.8	0.9	0.9	0.9	1.0	0.8
Total operating expenses	6.4	6.2	7.3	5.6	8.2	5.8	8.9	8.0	9.9	8.5
Net profits before deduction of proprie- tors' salaries and income tax	7.4	9.0	6.1	8.0	6.5	8.8	4.5	6.7	5.1	6.5

2. COMBINATION STORES (GROCERIES AND MEATS)

Stores selling both groceries and fresh meats are classed as combination stores. For the business to remain in this classification the percentage of the smaller of the two commodities cannot be less than 20 per cent. Fruits and vegetables are generally sold in some quantity. Some 680 satisfactory reports were received from independent unincorporated stores.

For presentation of operating cost ratios, the data from these stores were tabulated in five different sales size ranges, each of which was again divided according to owned and rented premises. There were too few stores in the rented class with sales less than \$10,000 to allow publication of results. Fresh meats, in general, require wider margins to allow for waste, deterioration, and handling, and stock turn is more rapid than for groceries. Certain fluctuations in the results may therefore be attributed to the varying percentage of fresh meats sold by the survey stores.

Trends by Size of Business (Table 8, page 22)

While gross margins in combination stores over the different size of business categories followed no definite trend in 1946, net profits decreased in ratio with greater sales volume. This decline in net profits resulted in part from an increased salary expense ratio among the larger stores. However, due to greater volume, the smaller profit ratios actually represented greater dollar net profits, (see Chart 2). Other expense items did not change greatly when considered by size classes.

As with grocery stores, all size classes carried inventories considerably greater in dollar volume at the end of the year than at the beginning of 1946. The rate of stock turnover increased with business volume from 5.8 times in the smallest stores to 16.4 times per year in stores whose annual sales were \$100,000 or over.

Comparison Between Individual and Partnership Businesses (Table 9, page 23)

Since all proprietor's salaries or withdrawals are included in net profit, this item differs considerably between the two types of organization. In all size and occupancy classes shown, partnerships obtained greater ratios of net profit.

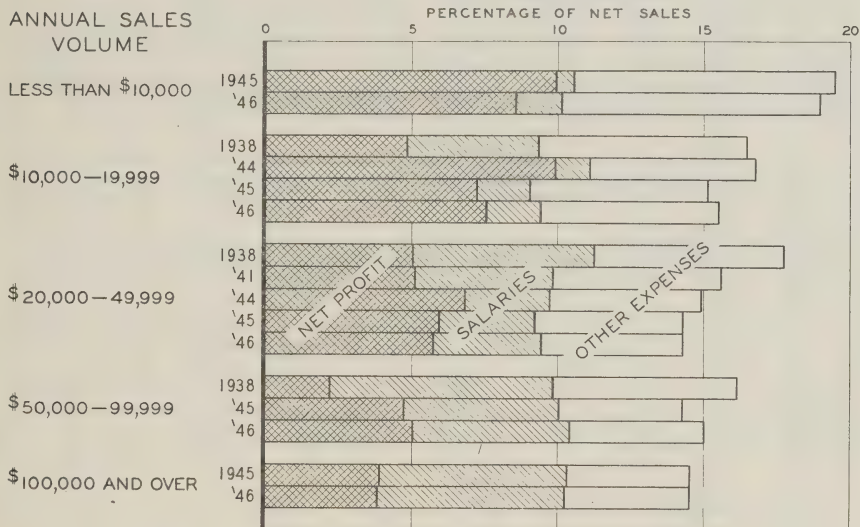
Comparison with Previous Years (Chart 2, page 21)

Studies on operating costs in independent stores were conducted in 1938, 1944 and 1945. The results of earlier years are shown with those of 1946 in chart 2. Gross margins declined from 1938 to 1945 but improved slightly in 1946. The narrowing salary expense also reached its low level in 1945 and advanced in 1946.

OPERATING RESULTS OF RETAIL COMBINATION STORES

GROSS MARGIN=NET PROFITS + SALARIES + OTHER EXPENSES

OWNED STORES



RENTED STORES

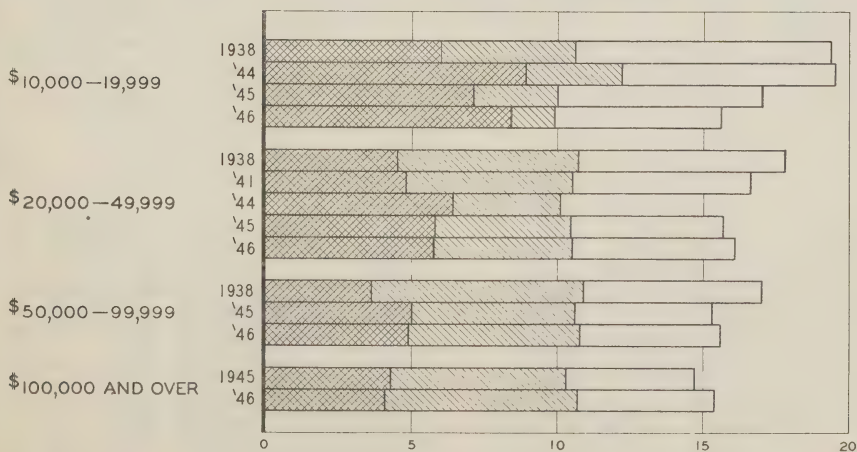


Table E.—Combination Stores — Operating Results Classified According to Amount of Annual Sales and Occupancy Basis, Canada, 1946

Item	AMOUNT OF ANNUAL SALES									
	Less than \$10,000		\$10,000-\$19,999		\$20,000-\$29,999		\$30,000-\$39,999		\$40,000 and over	
	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented
Number of stores reporting	17		69	20	183	151	133	158	69	77
Average net sales per store	6,876		15,680	18,058	33,067	34,955	70,114	71,505	150,781	152,784
Average cost of goods sold, per store ..	5,411		13,244	13,534	28,341	29,183	59,629	60,236	128,955	120,569
Average inventory beginning of year ..	896	3/4 FLE	1,001	1,043	1,866	1,846	3,747	3,511	7,969	6,660
Average inventory end of year	982		1,075	1,139	2,221	2,013	4,642	3,974	10,086	8,021
Stock turnover (times per year)	5.8		12.3	12.4	15.9	15.1	14.2	16.1	14.3	16.4
Average net profits per store	567		1,177	1,347	1,880	2,017	3,475	3,517	5,694	5,815
Number of working proprietors	17		77	24	202	164	166	196	98	105

PROFIT AND LOSS DATA (Items Expressed as Percentages of Net Sales)									
	19.0	15.5	15.6	14.3	16.1	15.0	15.6	14.5	15.4
Gross margin	19.0	15.5	15.6	14.3	16.1	15.0	15.6	14.5	15.4
Operating expenses:									
Employees' salaries and wages	1.6	1.9	1.5	3.7	4.7	5.4	5.9	6.4	6.6
Advertising	(a)	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Store supplies	1.5	1.3	1.1	1.0	1.1	1.0	1.1	1.2	1.2
Bad debts	0.1	0.2	0.2	0.1	0.1	0.2	0.1	0.1	0.1
Taxes and insurance	1.9	1.0	0.5	0.6	0.4	0.5	0.4	0.4	0.4
Rent	-	-	1.5	-	1.2	-	0.9	-	0.8
Light, heat and power	2.0	1.1	1.0	0.7	0.5	0.5	0.4	0.3	0.3
Repairs and maintenance	0.7	0.8	0.2	0.6	0.5	0.5	0.4	0.5	0.4
Depreciation	1.5	0.7	0.3	0.8	0.6	0.7	0.4	0.6	0.4
All other expenses	1.2	0.9	0.8	1.0	1.0	1.0	0.9	1.0	0.9
Total operating expenses	10.5	8.0	7.2	8.6	10.3	10.0	10.7	10.7	11.3
Net profits before deduction of proprietors' salaries and income tax	8.5	7.5	8.4	5.7	5.8	5.0	4.9	3.8	4.1

(a) Less than 0.05 per cent.

Table 9.--Combination Stores - Operating Results of Individual Ownerships and Partnerships, Canada, 1946

Item	AMOUNT OF ANNUAL SALES									
	\$20,000 - 49,999		\$50,000 - 99,999		\$100,000 and Over					
	Rented Indi- viduals	Part- ner- ships	Owned Indi- viduals	Part- ner- ships	Rented Indi- viduals	Part- ner- ships	Owned Indi- viduals	Part- ner- ships	Rented Indi- viduals	Part- ner- ships
Number of stores reporting	139	12	106	27	125	33	47	22	54	23
Average net sales per store	34,798	34,307	69,961	70,712	70,472	74,620	142,081	169,309	134,648	160,960
Average cost of goods sold, per store	29,203	28,682	59,210	61,273	59,396	63,417	121,299	145,311	114,386	135,086
Average inventory beginning of year	1,791	2,483	3,710	3,891	3,539	3,407	6,579	10,939	6,374	7,331
Average inventory end of year	1,953	2,708	4,613	4,784	4,017	3,809	8,467	13,541	7,573	9,071
Stock turnover (times per year)	15.6	11.1	14.2	14.1	15.7	17.6	16.1	11.9	16.4	16.5
Average net profits per store	1,963	2,695	3,341	3,999	3,203	4,707	4,953	7,278	4,925	7,903
Number of working proprietors	139	25	106	60	125	71	47	51	54	50
PROFIT AND LOSS DATA (Items Expressed as Percentages of Net Sales)										
Gross margin	16.1	16.4	15.4	13.3	15.7	15.0	14.6	14.2	15.0	16.1
Operating expenses:										
Employees' salaries and wages	4.8	3.6	6.0	3.3	6.4	4.2	6.7	5.8	6.8	6.2
Advertising	0.2	0.1	0.2	0.1	0.2	0.1	0.2	0.2	0.2	0.2
Store supplies	1.1	1.1	1.1	0.9	1.1	1.2	1.2	1.1	1.1	1.3
Bad debts	0.1	-	0.2	0.2	0.1	(a)	0.1	0.1	0.1	0.1
Taxes and insurance	0.4	0.3	0.5	0.5	0.4	0.3	0.5	0.4	0.4	0.4
Rent	1.2	1.1	-	-	0.9	0.9	-	-	0.8	0.8
Light, heat and power	0.6	0.4	0.4	0.5	0.4	0.4	0.3	0.4	0.3	0.3
Repairs and maintenance	0.4	0.4	0.5	0.4	0.4	0.3	0.5	0.5	0.4	0.4
Depreciation	0.6	0.5	0.8	0.6	0.5	0.4	0.6	0.6	0.4	0.4
All other expenses	1.0	1.0	0.9	1.2	0.8	0.9	1.0	0.8	0.9	1.1
Total operating expenses	10.4	8.5	10.6	7.7	11.2	8.7	11.1	9.9	11.4	11.2
Net profits before deduction of proprie- tors' salaries and income tax	5.7	7.9	4.8	5.6	4.5	6.3	3.5	4.3	3.6	4.9

(a) Less than 0.05 per cent.

3. MEAT MARKETS

These stores are principally engaged in selling fresh meats with added lines of poultry, fish, and dairy products. If groceries form more than 20 per cent of net sales, the business is not classifiable as a meat market.

A total of 439 suitable reports was received. When classified by size of business and by occupancy there were too few rented stores with sales less than \$10,000 and too few owned stores with sales of \$100,000 or more to allow publication of results.

Trends by Size of Business (Table 10, page 24)

In 1946 gross margins and net profits decreased in ratio to net sales as the volume of business increased. Salaries and wages paid to employees were augmented while rent was reduced. The net profit ratio ranging from 14.7 per cent in small stores to 4.6 per cent in the largest was translated into a reverse dollar value trend - from \$1,049 per store in the small stores to \$6,618 per store in the highest size class - because of the difference in volume of business. (See Chart 3).

With increased inventories at the end of the year in all categories, stock turnover ranged from 21.0 times per year in the small size class to 45.0 times in owned stores of the \$50,000 - \$99,999 class.

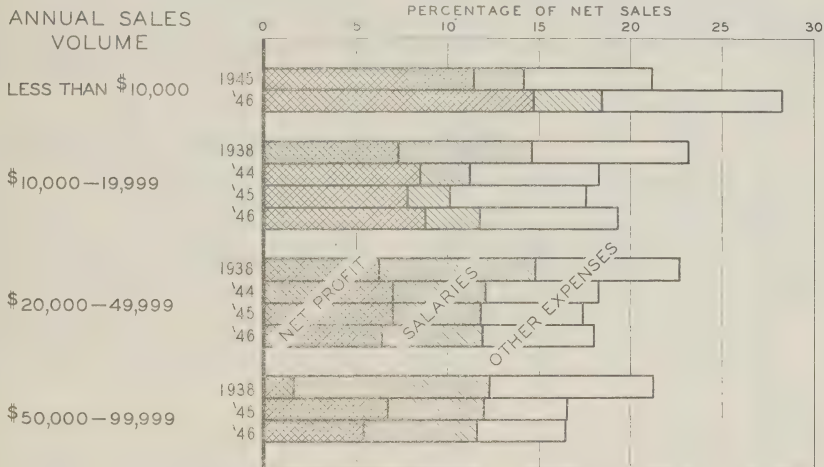
Comparison with Previous Years (Chart 3, page 25)

Surveys on operating results were conducted in 1938, 1944, and 1945. While some of the size categories were not identical for the different studies, comparable results for certain classes are shown in Chart 3. Although gross margins were generally wider in 1946 than in 1945, salary expense accounted for a greater proportion of net sales so that this item, diminishing since 1938, began to increase. (See Chart 3).

OPERATING RESULTS OF RETAIL MEAT MARKETS

GROSS MARGIN = NET PROFITS + SALARIES + OTHER EXPENSES

OWNED STORES



RENTED STORES

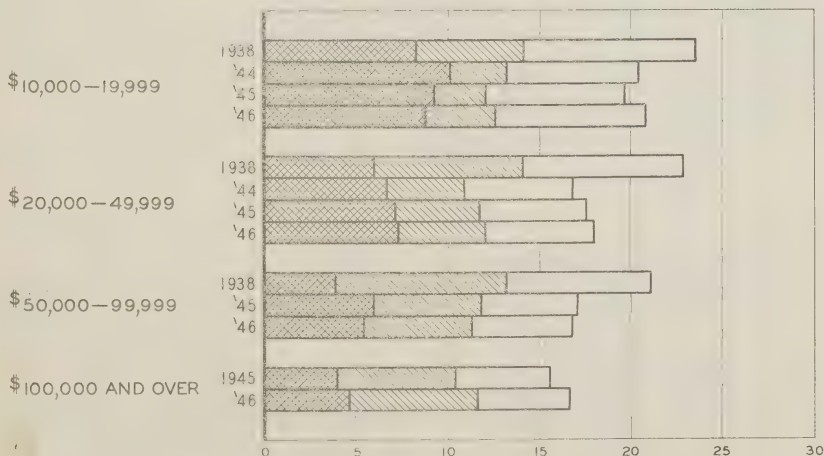


Table 10. Rent Markets - Operating Results Classified According to Amount of Annual Sales and Occupancy Basis, Canada, 1945

Item	AMOUNT OF ANNUAL SALES									
	Less than \$10,000	\$10,000-\$19,999	\$20,000-\$39,999	\$40,000-\$49,999	\$50,000-\$99,999	\$100,000 and over				
	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented
Number of stores reporting	11	25	23	75	140	35	79			40
Average net sales per store	7,143	14,843	14,821	53,442	35,270	70,171	67,700			144,220
Average cost of goods sold, per store \$	5,120	11,494	11,755	27,416	28,941	58,613	56,312			120,066
Average inventory beginning of year ..	168	319	440	666	724	1,019	1,396	SAMPLE		2,774
Average inventory end of year	319	318	534	773	820	1,589	1,771			3,450
Stock turnover (times per year)	21.0	36.1	24.1	38.1	37.5	45.0	35.6			36.6
Average net profits per store	1,049	1,241	1,285	2,127	2,593	3,743	3,664			6,618
Number of working proprietors	11	27	25	84	165	38	27			60

PROFIT AND LOSS DATA

(Items Expressed as Percentages of Net Sales)

	28.3	19.3	20.7	18.0	17.9	16.5	16.8		16.7
Gross margin	3.7	3.0	3.9	5.5	4.7	6.2	5.9		7.0
Operating expenses:									
Employees' salaries and wages	0.1	0.1	0.1	0.1	0.1	0.1	0.1		0.1
Advertising	3.0	1.6	1.7	1.4	1.4	1.3	1.5		1.2
Store supplies	0.1	0.4	0.4	0.1	0.1	0.1	0.1	T00	(a)
Bad debts	1.1	1.0	0.5	0.8	0.4	0.5	0.3		0.3
Taxes and insurance	-	-	2.4	-	1.2	-	1.0		0.8
Rent	1.3	1.0	1.0	0.8	0.5	0.5	0.4		0.3
Light, heat and power	1.1	0.8	0.5	0.8	0.5	0.7	0.4		0.5
Repairs and maintenance	1.9	1.3	0.5	0.8	0.6	0.7	0.5		0.5
Depreciation	1.3	1.4	1.0	1.3	1.1	1.0	1.2		1.4
All other expenses	SMALL						SMALL		
Total operating expenses	13.6	10.6	12.0	11.6	10.6	11.1	11.4		12.1
Net profits before deduction of proprietors' salaries and income tax	14.7	8.7	8.7	6.4	7.3	5.4	5.4		4.6

(a) Less than 0.05 per cent.

4. FRUIT AND VEGETABLE STORES

These stores specialize in the sale of fresh fruits and vegetables. While other commodities such as groceries, tobacco, confectionery, and a variety of other food products may be handled, fruits and vegetables must form at least 50 per cent of sales. A total of 274 satisfactory reports was received from businesses in this classification. The results of owned stores in the smallest and largest sales brackets are not shown because too few reported.

Trends by Size of Business (Table 11, page 28)

Both gross and net profits decreased in ratio to net sales as the volume of business expanded. Salary ratios did not increase to the same extent as in other food stores. The number of partnership businesses in the higher sales groups, indicated by the number of proprietors in relation to the number of stores, may have had some influence in this case. Stocks on hand at the end of the year were generally greater in dollar value than at the first of the year. The rate of stock turnover ranged from 17.7 times per year in the smallest sales size class to 36.6 times in owned stores with sales between \$50,000 and \$99,999.

5. CONFECTIONERY STORES

Stores classified as confectioneries are those retailing principally such products as candy and confectionery, soft drinks, tobacco, ice cream, papers, and magazines. Although other products may be handled, those mentioned must form 50 per cent of total sales. Light lunches sometimes form a part of the business.

A total of 319 satisfactory reports was received. Of these, 9 were within the ranges of the two occupancy classes of the two highest sales groups and their results were not tabulated.

Trends by Size of Business (Table 12, page 29)

Net profit ratios decreased with expansion in the size of the business. Gross margin was more irregular in trend, ranging between 16.6 per cent and 21.5 per cent. Actual dollar value of average store net earnings increased in proportion to increased sales volume.

The inventory position was considerably better at the end of the year than at the first with all groups reporting an increase in dollar value of stocks. The rate of stock turnover fluctuated between 7.3 and 17.2 times per year.

Table 1. - Fuel and Variable Stores - Operating Results Compared According to Amount of Annual Sales and Occupancy Basis, Canada, 1946

Item	AMOUNT OF ANNUAL SALES									
	\$10,000-		\$20,000-		\$50,000-		\$100,000		Owned	Rented
	Owned	Rented	Owned	Rented	Owned	Rented	Owned	Rented		
Number of stores reporting	13	14	35	44	96	10	47			9
Average net sales per store	7,755	16,323	14,786	32,133	33,560	62,090	67,733			110,313
Average cost of goods sold, per store	5,584	13,650	11,993	27,107	27,706	53,290	57,312			93,451
Average inventory beginning of year	SAMPLE	301	517	1,140	1,217	1,422	2,112			2,903
Average inventory end of year		329	661	1,300	1,253	1,481	2,504			3,190
Stock turnover (times per year)		17.7	23.2	22.2	22.2	36.6	24.8			30.7
Average net profits per store	1,137	1,133	1,194	2,254	2,376	3,466	3,947			6,364
Number of working proprietors	13	15	38	55	137	19	65			16

PROFIT AND LOSS DATA

(Items Expressed as Percentages of Net Sales)

Gross margin	28.0	16.4	18.9	15.6	17.5	14.2	15.4	15.3
Operating expenses:								
Employees' salaries and wages	1.9	2.0	3.0	3.3	3.8	3.2	3.8	4.5
Advertising	0.1	0.1	0.1	0.1	0.1	(a)	0.1	0.1
Store supplies	2.1	2.0	1.7	1.6	1.6	1.6	1.6	1.2
Bad debts	0.1	0.1	0.2	(a)	0.1	-	(a)	-
Taxes and insurance	1.3	1.7	0.9	0.9	0.4	0.9	0.4	0.3
Rent	4.9	-	2.5	-	2.1	-	1.6	1.7
Light, heat and power	1.1	1.3	0.8	0.5	0.5	0.5	0.4	0.3
Repairs and maintenance	0.8	0.7	0.4	0.6	0.4	0.4	0.4	0.2
Depreciation	0.1	0.5	0.4	0.7	0.3	1.0	0.3	0.3
All other expenses	0.9	1.0	1.2	0.9	1.1	1.0	1.0	1.0
SMALL							SMALL	
Total operating expenses	13.3	9.4	10.8	8.6	10.4	8.6	9.6	9.5
Net profits before deduction of proprietors' salaries and income tax	14.7	7.0	8.1	7.0	7.1	5.6	5.8	5.8

a) Less than 0.05 per cent.

Table 12.--Confectionery Stores - Operating Results Classified According to Amount of Annual Sales and Occupancy Basis, Canada, 1946

Item	AMOUNT OF ANNUAL SALES					
	Less than \$10,000		\$10,000-\$19,999		\$20,000-\$49,999	
	Owned	Rented	Owned	Rented	Owned	Rented
Number of stores reporting	28	37	34	79	43	89
Average net sales per store	6,546	7,123	14,264	13,686	27,889	28,144
Average cost of goods sold, per store . . .	5,139	5,511	11,860	11,094	23,146	22,747
Average inventory beginning of year ...	679	574	632	738	1,524	1,377
Average inventory end of year	733	935	751	829	1,976	1,620
Stock turnover (times per year)	7.3	7.3	17.2	14.2	13.2	15.2
Average net profits per store	790	720	1,314	1,327	2,376	2,374
Number of working proprietors	29	36	36	79	50	97

	21.5	22.6	16.8	18.9	17.0	19.2
Gross margin						
Operating expenses:						
Employees' salaries and wages	1.9	2.8	2.2	2.6	3.7	4.5
Advertising	(a)	0.1	(a)	0.1	0.1	0.1
Store supplies	0.9	0.7	0.5	0.7	0.6	0.6
Bad debts	0.2	0.3	0.1	0.1	0.1	(a)
Taxes and insurance	1.5	0.9	1.2	0.6	0.7	0.6
Rent	-	3.8	-	2.4	-	1.9
Light, heat and power	2.4	2.0	1.5	1.1	1.0	0.9
Repairs and maintenance	1.0	0.4	0.6	0.4	0.5	0.7
Depreciation	0.8	0.4	0.8	0.4	0.7	0.5
All other expenses	0.7	1.1	0.7	0.8	1.1	1.0
Total operating expenses	9.4	12.5	7.6	9.2	8.5	10.8
Net profits before deduction of proprietors' salaries and income tax	12.1	10.1	9.2	9.7	8.5	8.4

a) Less than 0.05 per cent.

(a) Less than 0.05 per cent.

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OPERATING RESULTS
AND
FINANCIAL STRUCTURE
RETAIL FOOD STORES
1948



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FACSIMILE OF SCHEDULE

4. PROFIT AND LOSS STATEMENT		DOLLARS OMIT CENTS
MERCHANDISING STATEMENT		
1. TOTAL NET SALES OR RECEIPTS (INCLUDE ALL MERCHANDISE LESS ALLOWANCES; INCLUDE VALUE OF GOODS SOLD ON A COMMISSION BASIS, MEALS SOLD OR CONSUMED, SERVICE RECEIPTS, AND PROPRIETORS' WITHDRAWALS OF GOODS FOR THEIR OWN USE AT RETAIL PRICES. (DO NOT INCLUDE DIRECT SALES TAXES AND NON-TRADING REVENUES, SUCH AS RECEIPTS, DIVIDENDS, RENT, BAD DEBTS RECOVERED, ETC.)		
2. INVENTORY OF MERCHANDISE FOR RESALE BEGINNING OF YEAR. (EXCLUDE STORE SUPPLIES ON HAND.)		
3. MERCHANDISE PURCHASED FOR RESALE AT INVOICED VALUE, LESS RETURNS, ALLOWANCES, CASH AND TRADE DISCOUNTS. (INCLUDE DUTY, INWARD FREIGHT, EXPRESS AND TRUCKAGE. EXCLUDE STORE SUPPLIES SHOWN UNDER ITEM 16.)		
4. TOTAL BEGINNING INVENTORY AND MERCHANDISE PURCHASED (ADD ITEMS 2 AND 3)		
5. INVENTORY OF MERCHANDISE FOR RESALE, END OF YEAR. (EXCLUDE STORE SUPPLIES ON HAND)		
6. COST OF MERCHANDISE SOLD (SUBTRACT ITEM 5 FROM ITEM 4)		
7. GROSS TRADING PROFIT OR MARGIN (SUBTRACT ITEM 6 FROM ITEM 1)		
EXPENSE STATEMENT		DOLLARS OMIT CENTS
8. SALARIES, WAGES AND COMMISSIONS PAID TO ALL EMPLOYEES, EXCEPT DELIVERY (REPORT FULL AMOUNT BEFORE PAYROLL DEDUCTIONS. DO NOT INCLUDE WITHDRAWALS BY PROPRIETORS OR PARTNERS OF UNINCORPORATED BUSINESSES.)		
9. TAXES (INCLUDE BUSINESS, PROPERTY AND WATER TAXES, AND LICENCES. DO NOT INCLUDE INCOME TAX AND DIRECT TAXES COLLECTED BY THE STORE FOR THE GOVERNMENT.)		
10. INSURANCE (INSURANCE PREMIUMS APPLICABLE TO YEAR REFER TO ALL TYPES CARRIED FOR PROTECTION OF THE BUSINESS.)		
11. RENTALS FOR PREMISES USED IN BUSINESS.		
12. HEAT, LIGHT AND POWER USED IN YEAR.		
13. DELIVERY EQUIPMENT		
(a) OWN	SALARIES	
	REPAIRS AND MAINTENANCE	
	DEPRECIATION, LICENSES AND INSURANCE	
	SUPPLIES USED (GAS, OIL, GREASE)	
(b) EXPENSE	TOTAL AMOUNT PAID FOR CONTRACT DELIVERY	
	TOTAL DELIVERY EXPENSE	
14. REPAIRS AND MAINTENANCE (EXCLUDE CAPITAL EXPENDITURES)		
15. DEPRECIATION ALLOWANCES (PLEASE SEE FOOTNOTE ON PAGE 1.) IF YOUR FIXED STORE ASSETS HAVE BEEN ENTIRELY DEPRECIATED, ENTER "NIL."		
16. STORE SUPPLIES (WRAPPING PAPER, TWINE, OFFICE SUPPLIES, ETC.)		
17. ADVERTISING		
18. LOSS ON BAD DEBTS DURING THE YEAR		
AMOUNT WRITTEN OFF DURING YEAR		
LESS AMOUNT RECOVERED		
TOTAL NET LOSS ON BAD DEBTS		
19. ALL OTHER EXPENSES (TELEPHONE, TELEGRAPH, POSTAGE, BAKE CHARGES, INTEREST ON BORROWED MONEY USED IN THE BUSINESS, LEGAL, AUDIT FEES, ETC.) (DO NOT INCLUDE CAPITAL EXPENDITURE OR PROPRIETORS' OR PARTNERS' SALARIES OR WITHDRAWALS.)		
20. TOTAL OPERATING EXPENSES (ADD ITEMS 8 TO 19 INCLUSIVE)		
NET TRADING PROFIT		DOLLARS OMIT CENTS
21. NET TRADING PROFIT BEFORE DEDUCTIONS OF PROPRIETORS' OR PARTNERS' SALARIES OR WITHDRAWALS AND BEFORE INCOME TAXES		
5. WORKING PROPRIETORS, PARTNERS AND PAID EMPLOYEES		
A WORKING PROPRIETOR HAS BOTH AN OWNERSHIP INTEREST IN THE BUSINESS AND SPENDS PART OR ALL OF HIS OR HER TIME IN ITS MANAGEMENT.		
NOTE: EMPLOYEES WORKING FOR ONLY PART OF THE REGULAR AND NORMAL PAY PERIOD ARE PART-TIME EMPLOYEES. IF BUSINESS IS INCORPORATED, WORKING EXECUTIVES AND OFFICIALS SHOULD BE INCLUDED IN SECTION 4, ITEM 8.		
1. TOTAL SALARIES OR WITHDRAWALS OF PROPRIETORS OR PARTNERS IN 1948		
		FULL-TIME EMPLOYEES
2. WHAT WAS THE AVERAGE NUMBER OF PAID EMPLOYEES IN 1948?		PART-TIME EMPLOYEES

6.

BALANCE SHEET FOR YEAR 1948

CASH ON HAND OR IN BANK		
CURRENT ASSETS	(A) ACCOUNTS AND NOTES RECEIVABLE	
	(B) RESERVE FOR DOUBTFUL ACCOUNTS	
	TOTAL ACCOUNTS RECEIVABLE (PER BALANCE SHEET) (A LESS B)	
MERCHANDISE INVENTORIES		
OTHER CURRENT ASSETS (PREPAID EXPENSES, ETC.)		
FIXED ASSETS	(A) LAND, BUILDINGS, FURNITURE, FIXTURES, EQUIPMENT	
	(B) RESERVE FOR DEPRECIATION	
TOTAL FIXED ASSETS (A LESS B)		
OTHER ASSETS	GOODWILL, DEFERRED CHARGES, SINKING FUNDS	
TOTAL ASSETS		
LIABILITIES	CURRENT LIABILITIES — ACCOUNTS AND NOTES PAYABLE	
	OTHER LIABILITIES — ACCRUED EXPENSES, PREPAID INCOME	
	CAPITAL STOCK (WHETHER PROPRIETOR'S, PARTNERS' OR SHARE- HOLDERS' EQUITY)	
NET WORTH	SURPLUS ACCOUNT	
TOTAL LIABILITIES AND NET WORTH		

NO LARS OMIT CENTS

BALANCE SHEET FOR YEAR 1947

CASH ON HAND OR IN BANK		
CURRENT ASSETS	(A) ACCOUNTS AND NOTES RECEIVABLE	
	(B) RESERVE FOR DOUBTFUL ACCOUNTS	
	TOTAL ACCOUNTS RECEIVABLE (PER BALANCE SHEET) (A LESS B)	
MERCHANDISE INVENTORIES		
OTHER CURRENT ASSETS (PREPAID EXPENSES, ETC.)		
FIXED ASSETS	(A) LAND, BUILDINGS, FURNITURE, FIXTURES, EQUIPMENT	
	(B) RESERVE FOR DEPRECIATION	
TOTAL FIXED ASSETS (A LESS B)		
OTHER ASSETS	GOODWILL, DEFERRED CHARGES, SINKING FUNDS	
TOTAL ASSETS		
LIABILITIES	CURRENT LIABILITIES — ACCOUNTS AND NOTES PAYABLE	
	OTHER LIABILITIES — ACCRUED EXPENSES, PREPAID INCOME	
	CAPITAL STOCK (WHETHER PROPRIETOR'S, PARTNERS' OR SHARE- HOLDERS' EQUITY)	
NET WORTH	SURPLUS ACCOUNT	
TOTAL LIABILITIES AND NET WORTH		

DOLLARS OMIT CENTS

7.

ANNUAL SALES TRENDS

IN ORDER TO PROVIDE COMPARABLE
FIGURES FROM YEAR TO YEAR,
PLEASE STATE YOUR TOTAL SALES.
(SALES FOR 1948 SHOULD AGREE
WITH AMOUNT GIVEN IN SECTION 6,
ITEM II.)

TOTAL SALES FOR 1948

TOTAL SALES FOR 1947

DOLLARS OMIT CENTS

THE INFORMATION GIVEN ON THIS SCHEDULE IS CORRECT AND COMPLETE TO THE BEST OF
MY KNOWLEDGE.

NAME OF FIRM

DATE OF REPORT

SIGNATURE

PERIOD COVERED FROM

TO

DEFINITIONS

PROFIT AND LOSS

NET SALES represent the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

GROSS PROFIT is the difference between the cost of merchandise sold and the selling price. The cost of merchandise sold is calculated by adding the beginning inventory to net purchases and deducting the ending inventory.

OPERATING EXPENSES are the amounts paid out for any and all expenses incurred in the operation of a business, except the cost of merchandise. These include:

Salaries and wages (except delivery) - paid to employees before deduction of income taxes or unemployment insurance. Proprietors' salaries or withdrawals are included in Net Profit (in independent store operations).

Taxes and Insurance - business, property and water taxes, and insurance premiums carried for the protection of the business. Income taxes and other taxes collected for remittance to governmental bodies are not included.

Rentals - monies paid for premises used only in the business.

Heat, light and power expenses - amount paid for these used during the year.

Delivery expense - includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licences and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.).

Repairs and maintenance - incurred for the purposes of keeping fixed store assets operating efficiently (excludes capital expenditure).

Depreciation - allowances to cover decreases in the value of fixed store assets.

Store supplies - used in the business during the year - wrapping paper, office supplies.

Advertising

Loss on bad debts - during the year - amount written off
Less old debts recovered.

Other expenses - telephone, telegraph, postage, bank charges, legal fees, collection and auditing fees, etc.

NET PROFIT is the difference between gross margin and total expenses, and includes proprietors' salaries and withdrawals.

STOCK TURNOVER is the number of times in a year that the merchandise is sold and replaced. The average of the beginning and year ending inventories is divided into the cost of merchandise sold.

BALANCE SHEET

ASSETS

Cash on hand - or in the bank represents the amount of cash at the end of the year.

Net accounts receivable - are all notes and accounts owing to the business at the end of the year less any reserve for doubtful accounts.

Merchandise inventories - represents the cost value of merchandise on hand for resale but does not include store supplies on hand.

Other current assets includes assets which may be converted into cash, if necessary, within a reasonably short time, such as prepaid insurance, office and store supplies, Dominion of Canada Bonds.

Fixed assets (net) - is the book value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation.

Other assets - include deferred charges - items of expenditure from which future benefits are expected - intangibles such as goodwill, investments of a permanent nature not readily converted into cash.

LIABILITIES AND NET WORTH

Current liabilities - are obligations which must be paid in the near future and represent accounts receivable or any item that may be considered as a direct lien against current assets.

Other liabilities - (includes fixed liabilities) - mortgages, mortgage bonds and long-term notes, accrued expenses such as taxes or rent due but not yet paid, and prepaid or deferred income - money received in advance for which goods or services have not yet been given.

Capital stock - as applicable to incorporated companies represents the investment account of the stockholder in the capital shares of the corporation and does not exceed the amount authorized.

Surplus - as applicable to corporations includes earned surplus from operating profits, capital surplus, from premiums received on the sale of capital stock, and surplus reserves.

Net worth - is the difference between total assets and total liabilities and represents owners' equity in the business. This is composed of capital stock and surplus.

Note: In unincorporated firms capital and surplus are not shown separately because the majority of reports from these firms did not separate surplus from capital. For practical purposes, then, net worth represents the capital of unincorporated businesses.

OPERATIONS AND FINANCIAL STRUCTURE OF RETAIL FOOD STORES, 1948

INTRODUCTION

This report, presenting the operating results of independent retail food stores 1948, continues the series of bulletins published in 1944, 1945 and 1946. The survey is based upon operating statements contributed by a sample of firms throughout the country. The five trades covered are grocery stores, combination stores, meat markets, fruit and vegetable stores and confectionery stores.

An important addition to the 1948 studies may be found in the analysis of Balance Sheets data for the responding firms. Previous bulletins have been prepared for the purpose of presenting average expense and profit ratios on the year's operation which might be used by merchants as a comparison to their own individual results. In addition, this bulletin provides information on the financial position of the various trades by size and occupancy groups. From this additional information many useful ratios are made available - static ratios, those between balance sheet items, and velocity ratios, those obtained by relating the operating forces as revealed by the Profit and Loss Statement, with the results as revealed by the Balance Sheet.

These studies do not attempt to deal with methods of operation or their possible improvement but present operating and financial statement 'averages' for independent retail trades by size and occupancy classes. No regional analysis has been made, the sample of responding firms having been designed to produce national averages. Chain stores are dealt with in a separate survey, alternated each year with the studies on independent stores.

USE OF OPERATING AND FINANCIAL RATIOS

To make the best use of the ratios in this report an orderly system of bookkeeping is essential. Reference should also be made to the list of definitions at the front of this bulletin. A brief commentary on what may be derived from this study can best be divided between the Profit and Loss Statement and the Balance Sheet.

PROFIT AND LOSS

Every year the retail merchant should review his operations and make plans for improvement in certain phases of his activities or effect economies in others. Some of the important questions may well be:

what is an adequate profit for his line of business;

what amount of inventory should be carried and how many times a year should it be turned over;

what proportion of sales should be paid out in wages to employees in proportion to his size of business;

what part of sales should be spent on other operating expenses?

This bulletin presents 'average' results for comparison and covers all major profit and expense items which are expressed as percentages of net sales. For each trade this information has been broken down, when there were sufficient responding firms, into five sales-size classes for owned and rented stores.

Certain refinements in expense items have been made which makes comparisons between 'delivery expense' and 'other' expenses unsatisfactory. This year delivery expense has been itemized. Previous bulletins contained delivery expense in the other expense items; i.e. truck insurance and licences were with property insurance and taxes, truck repairs and depreciation with real estate repairs and depreciation, gas and oil with store supplies, and delivery salaries with store salaries. This year's segregation of delivery expense leaves these other items more truly as defined but distorts comparison of these expense items with previous years' ratios.

BALANCE SHEET

The financial effects of changes in operating plans and policies may be observed by comparison of balance sheets for succeeding years. As this is the first study made by this Bureau on Balance Sheet data we can present only the item averages as they stand at the end of 1948. These averages and ratios, however, should be of considerable value as an indication of what a merchant's own financial position might be. Where possible, a division has been made by age of business within size and occupancy groups. An analysis of financial statements should produce the following information:

1. Ability to meet current and long-term obligations
2. Owner's net worth or equity in the business
3. Potential productivity of the business

Important ratios from the Balance Sheet are:

1. Current assets to current liabilities often called the current ratio. This ratio indicates the ability of the business to meet its current obligations out of current assets. Its changes indicate whether a business is gaining or losing working capital.

2. Current assets to fixed assets: Fixed assets should not be expanded at the expense of current assets needed for operating expenses and inventory purchases. Changes in this ratio may indicate any tendency toward over-investment in fixed assets.
3. Net quick assets to net worth The ratio of net quick assets (current assets minus current liabilities) also called working capital, to net worth discloses how much of proprietors' capital or net worth is in the form of quickly convertible assets free from current obligation.
4. Liabilities to Net Worth shows the relationship between total debt and owned capital. This ratio may be fluctuate because of seasonal buying with higher liabilities while net worth remained uniform.

Other ratios of interest to particular business men may be calculated from figures in this report. A division between capital and surplus was not feasible for businesses of individual ownership or partnerships. Misinterpretation of some of the items on the questionnaire by contributing firms undoubtedly has resulted in a certain amount of error in some of the averages shown.

VELOCITY RATIOS

These are ratios between profit and loss and balance sheet items.

1. Cost of merchandise sold to inventories is a fairly uniform ratio and is a good test of efficient operations. A decrease in this ratio will indicate an overstocked condition. Because beginning and year end inventories are shown in the profit and loss statement this ratio or rate of stock turnover is calculated from the average of these two inventories and is shown with the profit and loss tables in this bulletin.
2. Sales to net worth, or in the case of incorporated firms to owned capital, determines the relative use of capital in conducting business. After a certain ratio has been established as to the amount of capital necessary to do a business of a given volume of sales, any fluctuation will indicate to what extent capital is being accumulated beyond profitable investment.

3. The ratio of sales to non-current assets measures the relationship between sales and the investment in fixed assets to produce such sales. This ratio is of lesser significance in the rented class where there is only a small investment in equipment. Fluctuation in prices must be considered in comparing this ratio over any long period because fixed assets are not re-valued as prices of goods sold increase or decrease.
4. Net profit to net worth ratio shows the relationship between net profit and the proprietors' equity in the business.

Other velocity ratios may be calculated, one of which is accounts receivable to sales. This ratio is of value only where the amount of credit sales is known. This study did not ask for this information, but these figures are obtainable from the quarterly series "Retail Consumer Credit" already published by the Merchandising and Services Section of the Dominion Bureau of Statistics. Cash and credit sales, and accounts receivable subdivided into instalment and charge accounts are published in the form of indexes for 16 trades. Basic data to make comparisons may be taken from the tabulations of the 1941 Census of Merchandising and Services Establishments.

Assistance and guidance from the Canadian Retail Federation toward the completion of this survey is gratefully acknowledged.

COMPARISON OF MAIN ITEMS BY TRADES.....

GROSS AND NET PROFIT

Operating results for 1948 reveal a general decline in the proportion of net profit to sales. Fruit and vegetable stores showed the same net profit as in 1946 but all other food stores dropped 0.3 to 0.4 per cent. Grocery, combination and meat trades operated on narrower gross margins in 1948 while fruit and vegetable stores and confectionery stores increased their gross profit. From war-time highs in net profit, the food stores surveyed have turned toward pre-war levels.

Confectioneries operated on the highest average gross profits and earned the largest average net profits. Gross profits of grocery stores were lowest and the smallest net profits were earned by combination stores. These comparisons are in ratio to net sales. In actual dollars, because of average size of business, confectionery stores earned for the proprietor the smallest net profit (\$1,839) while combination stores produced an average net profit of \$3,193.

GROSS PROFITS AND NET PROFITS - 1938, 1941, 1944, 1945, 1946, 1948

Year	GROCERY		COMBINATION		MEAT		FRUIT AND VEGETABLE		CONFECTIONERY	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
	Profit	Profit	Profit	Profit	Profit	Profit	Profit	Profit	Profit	Profit
1938	16.0	4.5	17.4	4.1	22.4	5.6	(NOT AVAILABLE)			
1941	15.2	5.7	16.9	5.2						
1944	14.2	6.3	15.2	5.8	17.1	6.0	16.4	6.6	19.5	9.6
1945	14.1	6.1	14.9	5.0	16.9	6.0	16.0	6.6	20.7	10.1
1946	14.3	6.0	15.1	4.8	17.2	5.8	16.1	6.5	18.9	8.8
1948	14.0	5.7	14.6	4.4	16.6	5.5	17.5	6.5	19.1	8.5

AVERAGE INVENTORIES AND STOCK TURNOVER

Combination stores maintained the greatest inventories and meat markets the lowest. The rate of turnover declined in all trades except meats where, due to the perishable nature of the main commodity handled, accumulation of more stock is not feasible. During previous years, many

lines of goods were in short supply and were sold as soon as received thus increasing the rate of stock turn.

All trades stocked a greater dollar volume of merchandise at the end of 1948 than at the beginning and far exceeded that held in earlier years.

BEGINNING AND ENDING INVENTORIES AND STOCK TURNOVER -
1938, 1941, 1945, 1946, 1948

Year	GROCERY			COMBINATION			MEAT		
	Begin- ning Inven- tory	Ending Inven- tory	Stock turn- over (\times)	Begin- ning Inven- tory	Ending Inven- tory	Stock turn- over (\times)	Begin- ning Inven- tory	Ending Inven- tory	Stock turn- over (\times)
	\$	\$		\$	\$		\$	\$	
1938 .	2,570	2,472	9.9	2,275	2,265	13.0	732	723	31.0
1941 .	2,636	2,979	7.9	2,046	2,324	13.0	(not available)		
1945 .	2,382	2,468	11.5	3,084	3,176	15.5	882	972	41.6
1946 .	2,442	2,843	11.4	3,231	3,846	14.9	1,054	1,284	37.2
1948 .	3,389	3,423	10.6	4,460	4,520	13.8	1,249	1,398	37.4

Year	FRUIT AND VEGETABLE			CONFECTIONERY		
	Begin- ning Inven- tory	Ending Inven- tory	Stock turn- over (\times)	Begin- ning Inven- tory	Ending Inven- tory	Stock turn- over (\times)
	\$	\$		\$	\$	
1945 .	1,212	1,283	26.2	970	1,030	15.3
1946 .	1,278	1,418	24.6	1,117	1,352	13.0
1948 .	1,682	1,868	19.2	1,410	1,487	12.1

(\times) Times per year.

AVERAGE OPERATING EXPENSES

The largest single item of operating expense was salaries paid to employees. In a comparison of the salary and wage expense for the five trades, meat markets reported the highest at 5.04 per cent of net sales reflecting the extra handling required for meats. Combination stores which sell sizeable amounts of meat merchandise spent a slightly lower ratio, at 4.89 per cent while other kinds of food stores averaged well under 4.0 per cent salary and wage expense.

Occupancy cost was highest proportionately in fruit and vegetable and confectionery stores. This cost includes taxes, insurance, rent, heat, light and power, repairs and maintenance and depreciation. The high ratio of 4.89 per cent in confectioneries includes 1.17 per cent for light, heat and power, an amount double the proportion spent by the other trades, which is due in part to being open in the evenings. Fruit and vegetable stores used more supplies and spent more on delivery expense proportionately than the other trades.

AVERAGE OPERATING EXPENSES 1948 (Per cent of net sales)

Expense Item	Grocery	Combination	Meat Markets	Fruit and Vegetable	Confectionery
Salaries (except delivery) .	3.33	4.89	5.04	3.48	3.89
Occupancy	2.47	2.34	2.70	3.85	4.89
Delivery .....	.96	1.26	1.20	1.63	.08
Store supplies .....	.54	.61	.91	1.11	.55
All other	1.02	1.05	1.23	.94	1.18
TOTAL	8.32	10.15	11.08	11.01	10.59

FINANCIAL POSITION

Owned and rented stores were separated for all balance sheet data because of the greater amount of fixed assets in owned stores balanced by a greater net worth. All trades averaged a favorable ratio of current assets to current liabilities. A good average is generally considered as 2 to 1. In 1948 this relationship in food stores ranged from 2.18 to 3.28.

In all categories the average proprietor's net worth was more than twice his total liabilities. Owners of the property in which their business was conducted had between 30¢ and 39¢ total liabilities for every \$1.00 of net worth. Proprietors of rented businesses, having smaller average net worth, averaged between 37¢ and 49¢ liabilities for every \$1.00 of net worth with meat markets having the highest ratio.

Investment in business property gives owners a greater amount of non-current (mainly fixed) assets which is balanced by a greater net worth. This is reflected in the lower ratio of sales to net worth and to non-current assets for owned businesses as compared with the rented class. In both occupancy groups and for both of the above ratios confectionery stores were in the poorest position. Meat markets produced the greatest amount of sales per \$1.00 of net worth while owned combination stores and rented fruit and vegetable stores utilized their fixed assets to best advantage in relation to sales made.

FINANCIAL AND OPERATING RATIOS OF FOOD STORES COMPARED

As at December 31, 1948

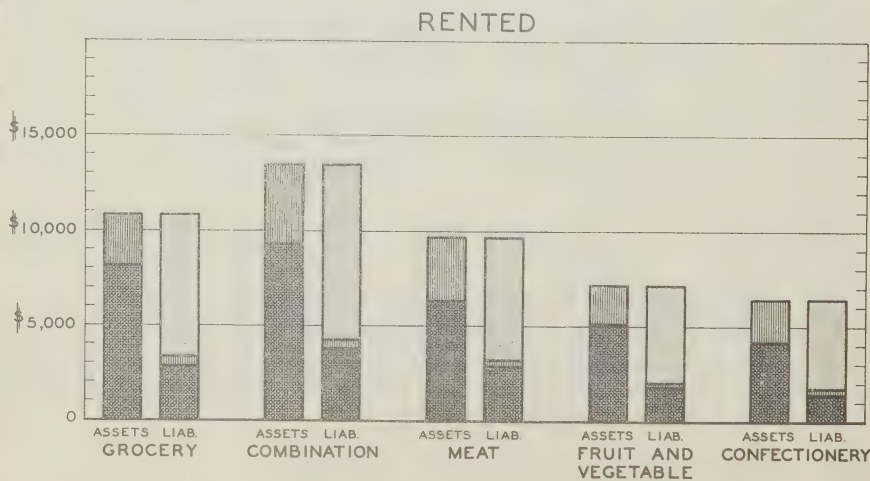
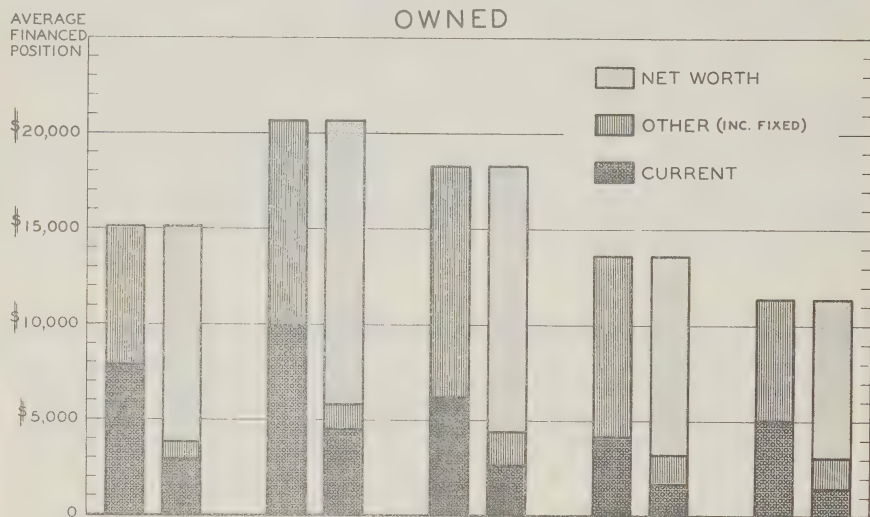
Ratio	Grocery Stores	Combi- nation Stores	Meat Markets	Fruit and Vegetable Stores	Confec- tionery Stores
OWNED					
Current assets to current liabilities	2.65	2.18	2.36	2.45	3.28
Current assets to fixed assets ..	1.10	.95	.55	.47	.79
Net quick assets to net worth ..	.43	.36	.26	.24	.42
Liabilities to net worth .....	.34	.39	.32	.30	.37
Sales to net worth	4.43	5.44	5.54	4.76	3.92
Sales to non-current assets	6.83	7.50	6.36	5.28	5.11
Net profit to net worth .....	.24	.24	.27	.32	.51
RENTED					
Current assets to current liabilities	2.90	2.47	2.13	2.84	2.93
Current assets to fixed assets ..	3.72	2.46	1.99	2.83	2.38
Net quick assets to net worth ..	.71	.60	.49	.63	.59
Liabilities to net worth .....	.44	.46	.49	.38	.37
Sales to net worth	7.95	9.08	10.95	9.54	6.84
Sales to non-current assets	22.55	20.25	19.47	23.87	14.40
Net profit to net worth .....	.42	.39	.61	.60	.87

CHART I.

COMPARISON OF FINANCIAL STRUCTURE BY TRADES

AVERAGE FINANCIAL POSITION DECEMBER 31, 1948

TOTAL ASSETS = TOTAL LIABILITIES + NET WORTH



SUMMARIES, CHARTS AND TABLES BY TRADES.

1. GROCERY STORES

Stores included in this category are those commonly known as grocery stores. Other related commodities may be handled in small proportions. If fresh meats are handled in excess of 20% the business is classed as a combination store. After careful editing of the reports received, 940 usable reports from independent unincorporated firms were tabulated to give the results in the following tables.

Profit and loss data are presented for owned and rented classes within five sales-size groups. Balance sheet results (from 460 firms) are shown for the three largest sales-size groups broken down by age where possible. A number of firms reported the profit and loss statement but not the balance sheet so that direct comparison between the two cannot be made. To obtain comparable velocity ratios, sales and net profit were tabulated for the firms reporting only balance sheet data.

The operating results for 1948 and financial position of grocery stores at December 31, 1948 are summarized as follows:

1. The average grocery store realized a gross profit of 14.0 per cent in 1948, slightly smaller than in previous years. Operating expenses remained the same as in 1946 to leave a net trading profit of 5.7 per cent. Because of the increase in the average dollar volume of sales this smaller ratio of net profit actually represents a larger dollar volume of profit than in previous years. (Table 1, page 16)
2. From small to large sized businesses there was a trend of decreasing ratios for gross profit, taxes, insurance, heat, light and power, rent, bad debts and net profit in 1948. Salaries, delivery expense and advertising expenses increased in ratio with expanding sales and the greater salary expense in the larger size classes offset other decreases to give greater total expenses. (Table 2, page 18)
3. The rate of stock turnover ranged from 6.43 times a year in the smallest owned group to 12.07 times in the largest sized rented group of stores. The overall dollar volume of stock was slightly greater at the end of the year than at the beginning. (Table 2, page 18)
4. The average grocery over \$20,000 annual net sales operating in owned premises had \$2.65 current assets to meet every \$1.00 current liabilities. This ratio ranged from 3.14 in the smallest size to 1.79 in the largest. Within size brackets, businesses in operation 10 years and over were in a more favourable position with respect to current assets over current liabilities than were businesses under

10 years. This same relationship existed between the respective groups of rented stores. (Table 3, page 19)

5. In owned stores there was \$1.10 invested in current assets to every \$1.00 invested in fixed assets. In rented stores where fixed assets include only fixtures and equipment, current assets to fixed assets were in the ratio of 3.72 to 1. (Tables 3 & 4 pages 19 & 20)
6. Every \$1.00 of owners equity or net worth in the owned group produced, on the average, \$4.43 sales during the year. This ratio increased with greater volume of sales ranging over the three sizes from 3.61 to 6.97. The greater net worth of older businesses is evidenced in a smaller ratio of sales to net worth than exists in firms with less than 10 years operations.

Rented stores reflect the absence of real estate investment by producing an average ratio of sales to net worth of 7.95. This ratio followed a trend over the different size and age groups similar to that for owned stores. (Tables 3 & 4, pages 19 & 20)

7. In owned stores, sales to the amount of \$6.83 were made on every \$1.00 invested in non-current (principally fixed) assets. In rented stores, with no real estate investment, this ratio jumped to 22.55

A better utilization of fixed assets was shown by the larger sized businesses, both owned and rented, and also within sizes by the older firms where this ratio was increased.

More detail on profit and loss information, balance sheet ratios and averages is shown in the tables following.

Table 1. - Operating Results of Independent Retail Grocery Stores
1944-1946, 1948

Item	1944	1945	1946	1948
Number of stores reporting	310	1,594	1,412	940
Average net sales \$	27,233	32,356	35,075	42,074
Gross profit	14.2	14.1	14.3	14.0
Operating expenses	7.9	8.0	8.3	8.3
Net profit before deduction of proprietors' salaries and income tax	6.3	6.1	6.0	5.7

(Items expressed as percentage of net sales)

OPERATING RESULTS OF GROCERY STORES, 1948

BY AMOUNT OF ANNUAL SALES

% OF
NET SALES

GROSS PROFIT = NET PROFIT + SALARIES + OCCUPANCY + DELIVERY + OTHER EXPENSES
% OF
NET SALES

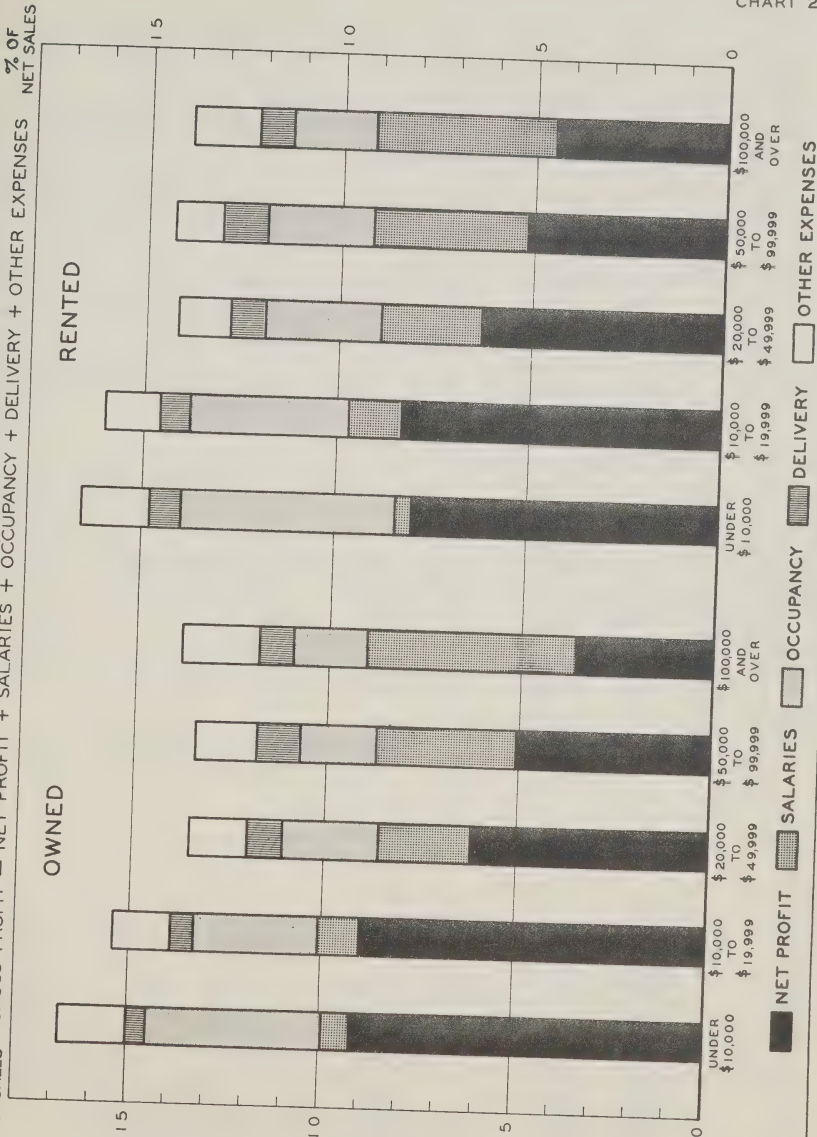


CHART 2.

Table 2.—Grocery Stores — Operating Results Classified According to Annual Sales Volume and Occupancy Basis, 1948

Item	OWNED STORES					RENTED STORES				
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Number of stores reporting	35	126	281	94	24	15	56	183	89	37
Average of net sales per store .. \$	7,162	15,616	32,612	66,191	158,034	7,410	16,922	33,458	66,811	135,813
Average cost of goods sold	5,961	13,210	28,221	57,531	136,257	6,180	14,208	28,694	57,256	116,906
Average beginning inventory \$	929	1,626	2,695	5,239	11,341	755	1,552	2,767	5,109	9,913
Average inventory, end of year .. \$	926	1,617	2,730	5,239	12,545	778	1,509	2,743	5,262	9,452
Stock turnover (times per year) ...	6.43	8.15	10.41	10.89	11.41	8.07	9.29	10.41	11.04	12.07
PROFIT AND LOSS DATA										
(Per cent of net sales)										
Gross profit	16.76	15.41	13.46	13.39	13.78	16.59	16.04	14.24	14.30	13.92
Operating expenses:										
Employees' salaries and wages										
(except delivery) .....	.66	1.08	2.40	3.59	5.35	.37	1.38	2.56	4.02	4.71
Taxes	1.26	.67	.46	.32	.26	.54	.34	.23	.18	.14
Insurance .....	.46	.30	.28	.25	.27	.24	.16	.16	.16	.15
Rentals	-	-	-	-	-	2.81	2.07	1.46	1.16	.96
Heat, light and power	1.71	1.06	.68	.48	.34	1.50	.88	.52	.37	.29
Delivery expense .....	.32	.64	.90	1.10	.93	.81	.76	.91	1.17	.91
Repairs and maintenance .....	.36	.56	.38	.36	.38	.31	.31	.28	.27	.21
Depreciation allowances .....	.85	.60	.66	.63	.67	.27	.29	.34	.36	.31
Store supplies .....	.55	.55	.51	.50	.66	.78	.62	.50	.50	.67
Advertising .....	.05	.06	.17	.21	.27	.01	.06	.17	.15	.30
Bad debts - written off .....	.33	.28	.11	.13	.17	.26	.09	.13	.10	.12
(Less) amount recovered .....	.04	.02	.01	(a)	.03	.01	(a)	.01	(a)	.01
Net bad debt loss .....	.29	.26	.10	.13	.14	.25	.09	.12	.10	.11
All other expenses .....	.90	.65	.71	.71	.88	.67	.74	.66	.71	.64
Total operating expenses	7.61	6.43	7.25	8.28	10.15	8.56	7.70	7.91	9.15	9.40
Net trading profit before proprie-										
tors' salaries and income tax										
deduction	9.15	8.98	6.21	5.11	3.63	8.03	8.34	6.33	5.15	4.52
(a) Less than 0.05 per cent.										

(a) Less than 0.05 per cent.

Table 3.—Grocery Stores — Owned — Financial Structure by Size and Age of Business
as at December 31, 1948

Item (★) (Average per store)	Total all Sizes (over \$20,000) \$	\$20,000 — \$49,999		\$50,000 — \$99,999		\$100,000 and over \$
		Under 10 years \$	10 years & over \$	Under 10 years \$	10 years & over \$	
Assets						
Current assets:						
Cash on hand or in bank	1,294	833	1,226	1,115	1,684	1,960
Net accounts receivable	1,699	967	911	926	2,526	6,200
Merchandise inventories	4,210	3,017	2,840	2,891	5,852	12,476
Other current assets	590	77	618	465	1,114	971
Total current assets	7,793	4,894	5,595	5,397	11,176	21,607
Fixed assets (net)	7,086	6,387	5,680	5,879	8,043	13,726
Other assets	243	346	185	231	269	73
Total assets	15,122	11,627	11,460	11,507	19,488	35,406
Liabilities and Net Worth:						
Current liabilities	2,945	2,225	1,519	1,718	3,726	12,067
Other liabilities	889	644	526	559	1,418	1,995
Total liabilities	3,834	2,869	2,045	2,277	5,144	13,972
Net Worth	11,288	8,758	9,415	9,230	14,344	21,434
Total Liabilities and Net Worth	15,122	11,627	11,460	11,507	19,488	35,406
Sales	50,059	34,574	32,784	33,290	66,414	149,489
Net Profit	2,735	2,147	2,035	2,067	3,460	5,426
Ratios:						
Current assets to current liabilities	2.65	2.20	3.68	3.14	2.99	1.79
Current assets to fixed assets	1.10	.77	.99	.92	1.39	1.57
Net quick assets to net worth .....	.43	.30	.43	.40	.52	.46
Liabilities to net worth .....	.34	.33	.22	.25	.36	.37
Sales to net worth	4.43	3.95	3.48	3.61	4.63	6.97
Sales to non-current assets	6.83	5.14	5.59	5.45	7.99	10.83
Net profit to net worth .....	.24	.25	.22	.22	.24	.25

(★) See definitions on page 5 for more detail description.

Table 4.--Grocery Stores - Rented - Financial Structure by Size and Age of Business
as at December 31, 1948

Item (#) (Average per store)	Total all Sizes (over \$20,000) \$	\$20,000 - \$49,999		\$50,000 - \$99,999		\$100,000 and over \$
		Under 10 years \$	10 years & over \$	Under 10 years \$	10 years & over \$	
Assets						
Current assets:						
Cash on hand or in bank	1,566	1,552	1,180	1,321	2,193	2,139
Net accounts receivable	1,753	746	1,161	1,004	2,726	3,092
Merchandise inventories	4,532	2,866	2,720	2,775	5,508	9,416
Other current assets	332	206	287	256	619	546
Total current assets	8,183	5,370	5,348	5,356	11,046	15,193
Fixed assets (net)	2,198	2,069	1,927	1,981	1,792	3,606
Other assets	460	165	161	163	244	1,375
Total assets	10,841	7,604	7,436	7,500	13,022	20,174
Liabilities and Net Worth:						
Current liabilities	2,821	1,656	1,551	1,591	2,869	6,228
Other liabilities	476	270	196	224	229	1,582
Total liabilities	3,297	1,926	1,747	1,815	3,098	7,810
Net worth	7,544	5,678	5,689	5,685	9,924	12,364
Total Liabilities and Net Worth ..	10,841	7,604	7,436	7,500	13,022	20,174
Sales	59,943	34,170	34,642	34,463	70,264	135,148
Net Profit	3,158	2,162	2,192	2,181	3,633	6,109
Ratios:						
Current assets to current liabilities	2.90	3.24	3.45	3.37	3.85	2.44
Current assets to fixed assets ..	3.72	2.60	2.78	2.37	6.38	4.21
Net quick assets to net worth ..	.71	.65	.67	.66	.82	.73
Liabilities to net worth .....	.44	.34	.31	.32	.31	.43
Sales to net worth	7.95	6.02	6.09	6.06	7.08	10.93
Sales to non-current assets	22.55	15.30	16.59	16.07	35.56	27.13
Net profit to net worth .....	.42	.38	.39	.38	.37	.49

(#) See definitions on page 6 for more detail description.

2. COMBINATION STORES (Groceries and Meats)

Stores selling both groceries and fresh meats are classed as combination stores with the smaller commodity not less than 20 per cent of total sales. Suitable reports on Profit and Loss data were received from 735 independent unincorporated firms. Balance sheet information was reported adequately by 455 of this total number.

Results are presented for owned and rented stores separately, by sales-size groups. Too few reports were received from stores having less than \$10,000 net sales to permit publication of profit and loss data. Balance sheet results were tabulated only for the three largest classes (\$20,000 and over) and, where there were sufficient reports in a segment, a division was made by age of business. Because balance sheet information was not supplied by all firms, a tabulation of the sales and net profit of only those firms reporting this information was made to provide basic data for the velocity ratios.

The operating results for the year 1948 and the financial position of combination stores at the end of the year are summarized below.

1. The gross profit in combination stores in 1948 stood at 14.6 per cent of net sales, slightly lower than the ratio of previous years. Operating expenses were higher in proportion than in 1944 or 1945 but were about even with 1946. With average sales greater than 1946, this smaller net profit ratio of 4.4 per cent resulted in greater dollar volume of net profit than was realized in 1946. (Table 5, page 22)
2. In 1948, gross and net profit decreased in ratio to net sales with increasing volume of business, gross profit ranging from 19.25 per cent to 14.03 per cent, and net profit from 7.92 to 3.82 per cent. Expense items following the same downward trend were taxes, insurance, rent, heat, light and power, repairs and maintenance and net bad debt losses. Increased proportions of sales spent on employees salaries in the larger sized classes more than offset the declining ratios of the other expenses to net greater total expenses in the larger sized stores. (Table 6, page 24)
3. Merchandise was sold and replaced more times during the year in larger sized businesses. The rate of turnover ranged from 9.77 times per year in the smallest size group to 15.11 in the largest.

In all except the group with sales of \$100,000 and over, year end stocks were at a higher dollar volume level than at the beginning of the year. (Table 6, page 24)

4. The proprietor of the average combination store of over \$20,000 annual sales volume operating from owned premises had \$2.18 current assets at the end of 1948 to meet every \$1.00 of current liabilities. Owners of business operated from rented premises had \$2.47 for every \$1.00 of current obligation. Length of time in business had a great effect on this ratio. In all groups the older established businesses had a more favorable ratio of current assets to current liabilities than did stores with less than 10 years operation. The widest range was in owned stores with sales from \$20,000 to \$49,999 where it was possible to show three age groups. (Tables 7 & 8, pages 25 & 26)
5. Proprietors who owned their business premises had .95¢ invested in current assets to every \$1.00 in fixed assets. This ratio increased both as the size of business became greater and as the length of time in operation increased. Owners of business in rented premises, with less investment in fixed assets, had \$2.46 invested in current assets to every \$1.00 in fixed assets. The ratio followed the same pattern as in owned businesses, increasing as both size and age of business became greater. (Tables 7 & 8, pages 25 & 26)
6. Every \$1.00 of owners net worth, or capital, produced \$5.44 sales in the owned class and \$9.08 in the rented group. In both types of occupancy, more sales were made per unit of net worth in the larger sized stores than in the smaller size class. (Tables 7 & 8, pages 25 & 26)
7. In owned stores the ratio of sales to non-current assets was 7.50. This ranged from 5.29 in the smallest to 8.59 in the largest sales-size group. The greater ratio in rented stores reflects the absence of real estate investment. Here \$20.25 sales were made per \$1.00 invested in non-current assets (principally fixed assets). The ratio ranged from 11.10 in stores with sales from \$20,000 to \$49,999 to 30.50 in the class with sales in excess of \$100,000. (Tables 7 & 8, pages 25 & 26)

More detail on the profit and loss and the financial statement is shown in the following tables.

Table 5.--Operating Results of Independent Combination Stores
1944 - 1946, 1948

Item	1944	1945	1946	1948
Number of stores reporting	175	926	880	735
Average net sales \$	43,268	56,956	62,280	72,557
Gross profit	15.2	14.9	15.1	14.6
Operating expenses	9.4	9.9	10.3	10.2
Net profit before deduction of proprietors' salaries and income tax	5.8	5.0	4.8	4.4

(Items expressed as percentage of net sales).

OPERATING RESULTS OF COMBINATION STORES, 1948

CHART 3.

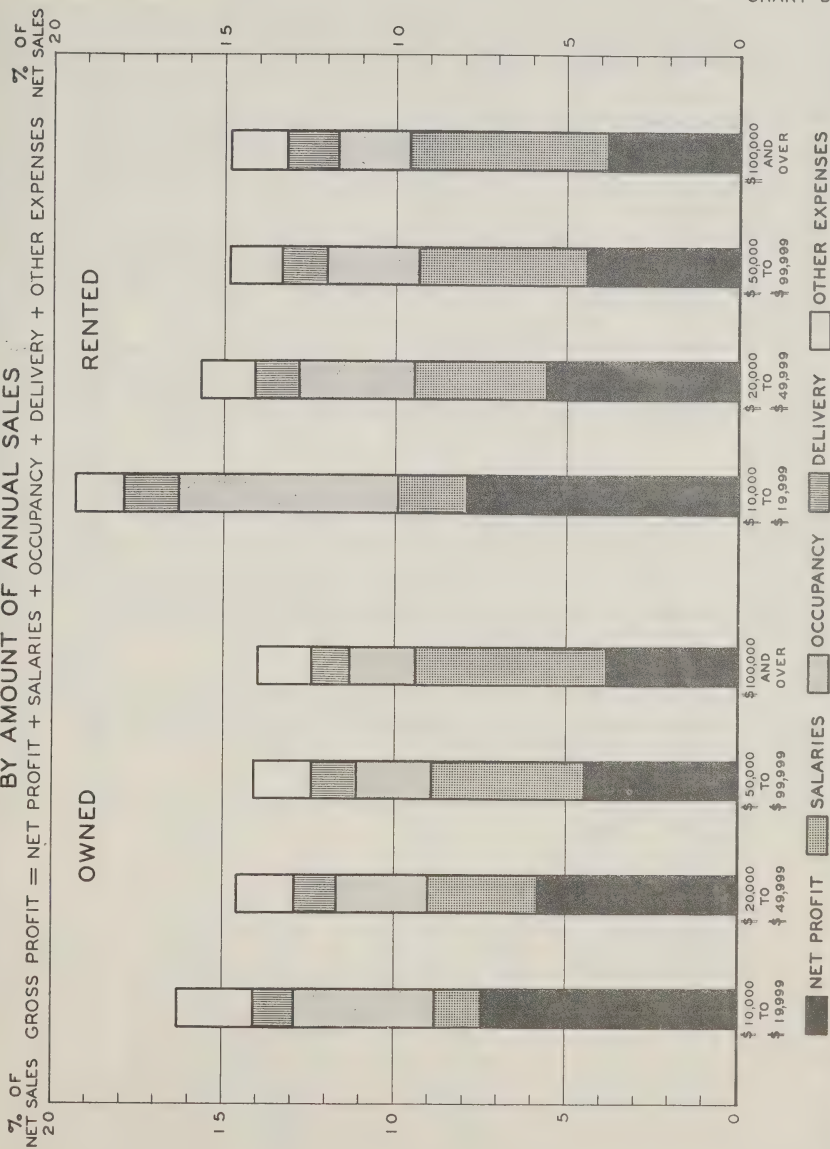


Table 6.—Combination Stores — Operating Results Classified According to
Annual Sales Volume and Occupancy Ratio, 1948

Item	OWNED STORES				RENTED STORES			
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting	48	151	145	87	12	100	110	82
Average of net sales per store .. \$	15,731	34,497	71,128	152,898	15,441	35,896	70,322	149,260
Average cost of goods sold	13,171	29,474	61,084	131,445	12,469	30,253	59,908	127,156
Average beginning inventory	1,273	2,325	4,514	9,557	1,268	2,178	4,085	8,506
Average inventory, end of year .. \$	1,424	2,575	4,619	9,320	1,178	2,283	4,172	8,331
Stock turnover (times per year) ...	9.77	12.03	13.38	13.93	10.20	15.57	14.51	15.11
PROFIT AND LOSS DATA								
(per cent of net sales)								
Gross profit	16.27	14.56	14.12	14.03	19.25	15.72	14.81	14.81
Operating expenses:								
Employees' salaries and wages								
(except delivery)	1.35	3.24	4.52	5.56	2.00	3.77	4.89	5.76
Taxes .....	.85	.41	.33	.26	.51	.25	.21	.12
Insurance .....	.43	.29	.25	.22	.36	.20	.22	.21
Rentals	-	-	-	-	2.86	1.30	1.02	.76
Heat, light and power	1.42	.71	.51	.39	1.51	.55	.41	.26
Delivery expense	1.16	1.20	1.25	1.07	1.61	1.30	1.30	1.45
Repairs and maintenance .....	.73	.53	.43	.42	.63	.44	.35	.29
Depreciation allowances .....	.68	.75	.73	.62	.40	.63	.46	.42
Store supplies .....	.65	.62	.57	.61	.59	.68	.60	.65
Advertising .....	.14	.13	.17	.26	.08	.16	.18	.28
Bad debts - written off .....	.34	.17	.12	.07	.23	.13	.12	.10
(Less) amount recovered .....	.02	.01	.01	.01	.03	.01	.04	.01
Net bad debt loss .....	.32	.16	.11	.06	.20	.12	.08	.09
All other expenses	1.10	.73	.81	.74	.58	.70	.70	.69
Total operating expenses	8.83	8.77	9.68	10.21	11.33	10.10	10.42	10.98
Net trading profit before proprie-								
tors' salaries and income tax								
deduction	7.44	5.79	4.44	3.82	7.92	5.62	4.39	3.83

Table 7.--Combination Stores - Owned - Financial Structure by Size and Age of Business
as at December 31, 1948

Item (¤) (Average per store)	Total all sizes (over \$20,000)	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 and over
		Under 10 years	10 to 19 years	20 years and over	Under 10 years	10 years and over	Total	
Assets								
Current assets:								
Cash on hand or in bank	1,872	791	1,285	1,985	1,560	1,613	1,576	3,107
Net accounts receivable	2,265	838	730	1,048	2,060	2,378	2,308	4,242
Merchandise inventories	4,970	2,589	2,022	2,197	3,897	4,579	4,377	9,730
Other current assets	799	60	141	173	922	852	817	1,758
Total current assets	9,906	4,278	4,178	5,403	4,543	9,422	9,078	18,837
Fixed assets (net)	10,394	7,146	5,715	6,157	10,209	8,513	9,231	17,945
Other assets	370	83	159	364	182	548	405	589
Total assets	20,670	11,507	10,052	11,924	11,044	18,483	18,714	37,371
Liabilities and Net Worth:								
Current liabilities	4,540	2,315	1,735	1,226	1,716	4,119	4,392	8,852
Other liabilities	1,297	884	374	401	670	782	1,193	2,351
Total liabilities	5,837	3,199	2,109	1,627	2,386	4,901	5,585	11,183
Net Worth	14,833	8,308	7,943	10,297	8,658	13,582	13,129	26,188
Total Liabilities and Net Worth	20,670	11,507	10,052	11,924	11,044	18,483	18,714	37,371
Sales	80,683	35,074	35,118	32,917	34,363	73,954	72,585	159,176
Net Profit	3,501	2,030	2,033	1,905	1,989	3,284	3,223	6,080
Ratios:								
Current assets to current liabilities	2.18	1.85	2.41	4.41	2.65	1.98	2.07	2.13
Current assets to fixed assets .....	.95	.60	.73	.88	.72	.83	1.11	1.05
Net quick assets to net worth .....	.36	.24	.31	.41	.33	.33	.36	.38
Liabilities to net worth .....	.39	.39	.27	.16	.28	.48	.43	.43
Sales to net worth	5.44	4.22	4.42	3.20	3.97	5.47	5.53	6.08
Sales to non-current assets	7.50	4.85	5.98	5.05	5.29	8.16	7.53	8.59
Net profit to net worth .....	.24	.24	.26	.19	.23	.24	.25	.23

(¤) See definitions on page 5 for more detail description.

Table 8.--Combination Stores - Rented - Financial Structure by Size and Age of Business
as at December 31, 1948

Item (#) (Average per store)	Total all sizes over \$20,000) \$	\$20,000 - \$49,999		\$50,000 - \$99,999		\$100,000 and over \$
		Under 10 years \$	10 years and over \$	Under 10 years \$	10 years and over \$	
Assets						
Current assets:						
Cash on hand or in bank	1,600	548	1,429	1,079	1,666	2,303
Net accounts receivable	2,400	731	728	729	2,398	3,960
Merchandise inventories	5,036	2,360	2,523	2,459	4,474	8,129
Other current assets	290	176	263	229	152	369
Total current assets	9,326	3,815	4,943	4,496	8,698	14,761
Fixed assets (net)	3,797	3,346	2,959	3,112	3,808	4,188
Other assets	322	417	6	169	253	426
Total assets	13,445	7,578	7,908	7,777	12,751	19,375
Liabilities and Net Worth:						
Current liabilities	3,775	2,368	1,602	1,905	2,303	6,120
Other liabilities	488	412	64	202	589	528
Total liabilities	4,263	2,780	1,666	2,107	2,892	6,649
Net Worth	9,182	4,798	6,242	5,670	9,859	12,726
Total Liabilities and Net Worth	13,445	7,578	7,908	7,777	12,751	19,375
Sales	83,399	36,172	35,280	36,426	70,467	140,729
Net Profit	3,568	2,210	2,042	2,109	3,093	5,390
Ratios:						
Current assets to current liabilities	2.47	1.61	3.09	2.36	3.77	2.41
Current assets to fixed assets	2.46	1.14	1.67	1.44	2.28	3.52
Net quick assets to net worth .....	.60	.30	.54	.46	.65	.68
Liabilities to net worth .....	.46	.68	.27	.37	.29	.52
Sales to net worth	9.08	7.96	5.65	6.42	7.15	11.06
Sales to non-current assets	20.25	10.14	11.90	11.10	17.35	30.50
Net profit to net worth .....	.39	.46	.33	.37	.31	.42

(*) See definitions on page 5 for more detail description.

3. MEAT MARKETS

These stores are principally engaged in selling fresh meats with added lines of poultry, fish, and dairy products. If groceries form more than 20% of net sales, the business is classified as a combination store.

A total of 328 reports suitable for tabulation of Profit and Loss data were received. When classed according to dollar volume of annual net sales there were too few in the sales-size category of under \$10,000 both owned and rented, to allow publication of results. A smaller number (167) completed the Balance Sheet data which is shown only for the three size ranges of over \$20,000 net sales.

Summary points on the operating results and financial position of independent retail meat markets are:

1. In 1948 the average meat market operated on a gross profit of 16.6 per cent, lower than that shown in the 1944, 1945, or 1946 surveys. Operating expenses remained fairly uniform and net profit dropped below the levels of former years to 5.5 per cent of net sales. (Table 9, page 28)
2. Gross profits, expressed as a percentage of net sales, decreased in ratio as volume of business increased. The majority of the expense factors followed the same trend. Salaries paid to employees increased consistently with greater volume of sales to slightly over compensate for the decline in other expense items. This resulted in a slightly higher ratio of total expenses in the large sized classes. Net profit before deduction of proprietors' salary or income tax decreased in ratio from 9.51 per cent of net sales in the smallest rented store to 3.95 per cent in the largest owned size class. (Table 10, page 30)
3. Inventories of merchandise at the end of the year were generally above the amount of stock held at the first of the year in dollar volume. The rate of stock turnover in meat markets is much more rapid than in other food stores and ranged from 18.86 times per year in the smallest sized class to 48.11 times in stores with sales volume in excess of \$100,000. (Table 10, page 30)
4. The ratio of current assets to current liabilities in owned stores was slightly above the recognized 'good average' of 2 at 2.36. Rented stores had slightly less - \$2.13 worth of current assets to meet every \$1.00 of current obligations.

5. Meat markets of larger sales volume in both the owned and rented type of store had a greater proportion of their assets as current than did the smaller stores. Following this trend a greater share of their net worth was in the form of net quick assets or working capital. (Table 11, page 31)
6. For every dollar of net worth in the business, the average owned meat market sold \$5.54 worth of merchandise and rented stores, with less net worth due to no property investment, sold \$10.95. Larger stores produced more sales per \$1.00 net worth than did the smaller sizes. Similarly they transacted more dollar volume of sales per dollar invested in non-current assets. (Table 11, page 31)

Table 9.--Operating Results of Meat Markets, 1944 - 1946, 1948

Item	1944	1945	1946	1948
Number of stores reporting	182	475	439	328
Average net sales \$	42,103	46,403	52,581	59,382
Gross profit	17.1	16.9	17.2	16.6
Operating expenses	11.1	10.9	11.4	11.1
Net profit before deduction of proprietors' salaries and income tax	6.0	6.0	5.8	5.5

(Items expressed as percentage of net sales).

OPERATING RESULTS OF MEAT MARKETS, 1948

CHART 4.

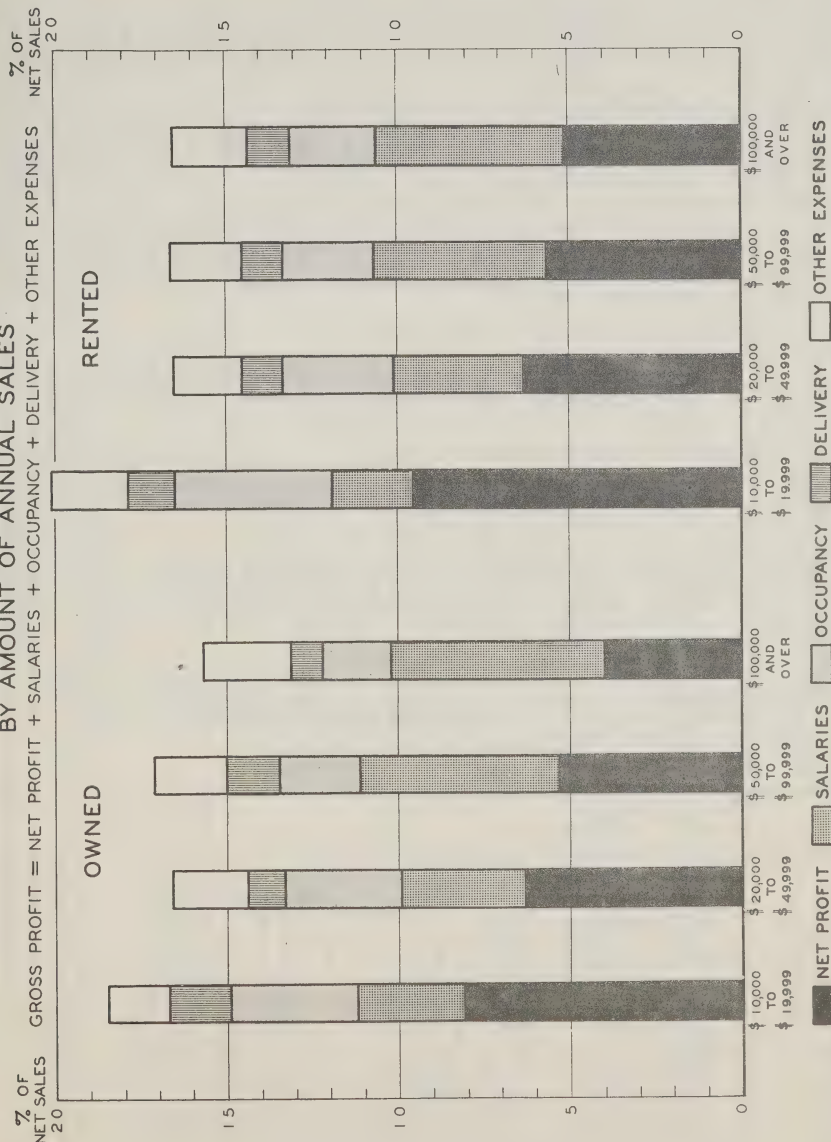


Table 10. Meat Markets - Operating Results Classified According to
Annual Sales Volume and Company Basis, 1948

Item	OWNED STORES				RENTED STORES			
	\$10,000 to \$19,999	\$20,000 to \$29,999	\$30,000 to \$39,999	\$100,000 and Over	\$10,000 to \$19,999	\$20,000 to \$29,999	\$30,000 to \$39,999	\$100,000 and Over
Number of stores reporting	26	51	35	16	22	80	69	29
Average of net sales per store	15,225	32,310	69,507	132,485	15,314	35,573	69,127	141,354
Average cost of goods sold	12,411	27,361	57,462	153,797	12,534	29,702	57,550	118,085
Average beginning inventory	820	1,026	1,586	3,007	517	759	1,405	2,562
Average inventory, end of year	536	926	2,166	3,383	570	774	1,502	2,594
Stock turnover (times per year)	18.36	28.03	30.63	48.11	23.22	38.72	38.53	46.71
PROFIT AND LOSS DATA								
(Per cent of net sales)								
Gross profit	18.49	16.60	17.09	15.72	20.11	16.50	15.60	16.46
Operating expenses:								
Employees' salaries and wages								
(except delivery)	3.08	3.59	5.78	6.24	2.42	3.83	5.09	5.54
Taxes .....	.49	.45	.35	.32	.31	.21	.14	.12
Insurance .....	.36	.30	.24	.25	.22	.17	.20	.20
Rentals	-	-	-	-	1.87	1.34	1.04	.97
Heat, light and power	1.23	.83	.59	.34	.86	.54	.42	.28
Delivery expense	1.76	1.14	1.50	.93	1.30	1.24	1.17	1.19
Repairs and maintenance .....	.65	.74	.54	.42	.46	.37	.30	.38
Depreciation allowances .....	.92	1.12	.73	.66	.76	.61	.59	.53
Store supplies .....	.72	.85	.93	1.02	1.12	.83	.90	.90
Advertising .....	.12	.14	.11	.24	.15	.09	.17	.11
Bad debts - written off .....	.08	.08	.09	.13	.10	.06	.08	.02
(Less) amount recovered	-	-	.01	.13	-	-	-	.02
Net bad debt loss .....	.08	.08	.08	.13	.10	.06	.08	.02
All other expenses	1.01	1.10	.92	1.22	1.03	.89	.88	1.09
Total operating expenses	10.42	10.34	11.77	11.77	10.60	10.18	10.98	11.33
Net trading profit before proprie- tors' salaries and income tax deduction	8.07	6.26	5.32	3.95	9.51	6.32	5.62	5.13

Table 11.--Meat Markets - Financial Structure by Size and Occupancy Basis
as at December 31, 1948

Item (⌘) (Average per store)	OWNED STORES				RENTED STORES			
	Total all Sizes over \$20,000	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over	Total all Sizes over \$20,000	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and Over
Assets								
Current assets:								
Cash on hand or in bank	2,434	1,020	3,074	4,615	2,203	1,011	2,418	4,124
Net accounts receivable	1,754	899	1,300	4,499	1,628	836	1,505	3,408
Merchandise inventories	1,699	785	1,702	3,303	1,702	659	1,879	2,808
Other current assets	306	235	93	825	638	281	385	1,819
Total current assets	6,193	2,939	6,169	13,742	6,048	2,787	6,183	12,159
Fixed assets (net)	11,350	7,837	13,240	16,238	3,045	2,084	3,393	4,259
Other assets	779	150	1,541	941	626	155	509	1,768
Total assets	18,322	10,926	20,950	30,941	9,719	5,026	10,085	18,186
Liabilities and Net Worth:								
Current liabilities	2,625	1,548	2,031	6,113	2,836	1,259	3,019	5,568
Other liabilities	1,792	526	1,468	5,261	357	248	183	899
Total liabilities	4,417	2,074	3,499	11,374	3,193	1,507	3,202	6,467
Net Worth	13,905	8,852	17,451	19,567	6,526	3,519	6,883	11,719
Total Liabilities and Net Worth ..	18,322	10,926	20,950	30,941	9,719	5,026	10,085	18,186
Sales	77,096	33,210	69,600	191,055	71,475	35,116	72,540	140,430
Net Profit ..	3,722	2,079	3,702	7,546	3,374	2,219	4,076	7,204
Ratios:								
Current assets to current liabilities	2.36	1.90	3.04	2.25	2.13	2.21	2.05	2.18
Current assets to fixed assets ..	.55	.37	.47	.85	1.99	1.34	1.82	2.85
Net quick assets to net worth ..	.26	.16	.24	.39	.49	.43	.46	.56
Liabilities to net worth .....	.32	.23	.20	.58	.49	.43	.47	.55
Sales to net worth	5.54	3.75	3.99	9.76	10.95	9.98	10.54	11.98
Sales to non-current assets	6.36	4.16	4.71	11.11	19.47	15.68	18.59	25.30
Net profit to net worth .....	.27	.23	.21	.39	.61	.63	.59	.61

(⌘) See definitions on page 3 for more detail description.

4. FRUIT AND VEGETABLE STORES

These stores specialize in the sale of fresh fruits and vegetables. To remain in this classification the sale of other commodities - groceries, tobacco, confectionery etc. - must form less than 50 per cent of total sales. A total of 165 firms returned reports suitable for profit and loss tabulation. Of these, only 78 completed the balance sheet properly. Results are not shown for stores with annual net sales under \$10,000 or over \$100,000 in either occupancy class because too few reported.

Some of the main points in the 1948 operations of fruit and vegetable stores and in their financial position at the end of the year may be summarized as follows:

1. In 1948 fruit and vegetable stores extended their gross profit to 17.5 per cent of net sales as compared to ratios in previous years of around 16.0 per cent. This increased margin was entirely absorbed by higher operating expenses to leave a net operating profit similar to 1946 - 6.5 per cent. (Table 12, page 33)
2. Gross profit generally decreased in ratio to sales as volume of business increased, ranging from 22.91 per cent in the smallest rented class to 15.45 in owned stores with sales between \$20,000 and \$49,999. The majority of the expense items decreased in proportion to sales in the larger sized stores. Salaries increased with sales volume from 1.86 per cent to 3.95 per cent of sales. Net profit followed no definite trend in owned stores but declined with size of business in the rented category. (Table 13, page 35)
3. The dollar volume of merchandise on hand at the end of year was greater than at the beginning of the year in the two largest sized groups but was slightly smaller in stores with sales between \$10,000 and \$19,999. The rate of stock turnover increased with volume of sales and ranged from 12.36 to 28.78 times per year. (Table 13, page 35)

4. With balance sheet data only available for two sales-size groups no definite conclusion as to trends by size can be made. Owned and rented stores showed ratios of current assets to current liabilities of 2.45 and 2.84 respectively. For every \$1.00 invested in non-current assets sales of \$5.28 were transacted in owned stores and \$23.87 in rented stores. The greater net worth of owners, reflecting fixed asset investment, is also evidenced in the ratio of sales to net worth. The proprietor who owned his store produced \$4.76 of sales from every \$1.00 of net worth and the man who rented his store had \$9.54 sales for every \$1.00 net worth. (Table 14, page 36)

Table 12.--Operating Results of Fruit and Vegetable Stores, 1944-1946, 1948

Item	1944	1945	1946	1948
Number of stores reporting	105	260	274	165
Average net sales \$	37,183	38,958	39,568	41,404
Gross profit	16.4	16.0	16.1	17.5
Operating expenses	9.8	9.4	9.6	11.0
Net profit before deduction of proprietors' salaries and income tax	6.6	6.6	6.5	6.5

CHART 5.

OPERATING RESULTS, 1948

BY AMOUNT OF ANNUAL SALES

GROSS PROFIT = NET PROFIT + SALARIES + OCCUPANCY + DELIVERY + OTHER EXPENSES

FRUIT AND VEGETABLE STORES

% OF
NET SALES

% OF
NET SALES

CONFECTIONERY STORES

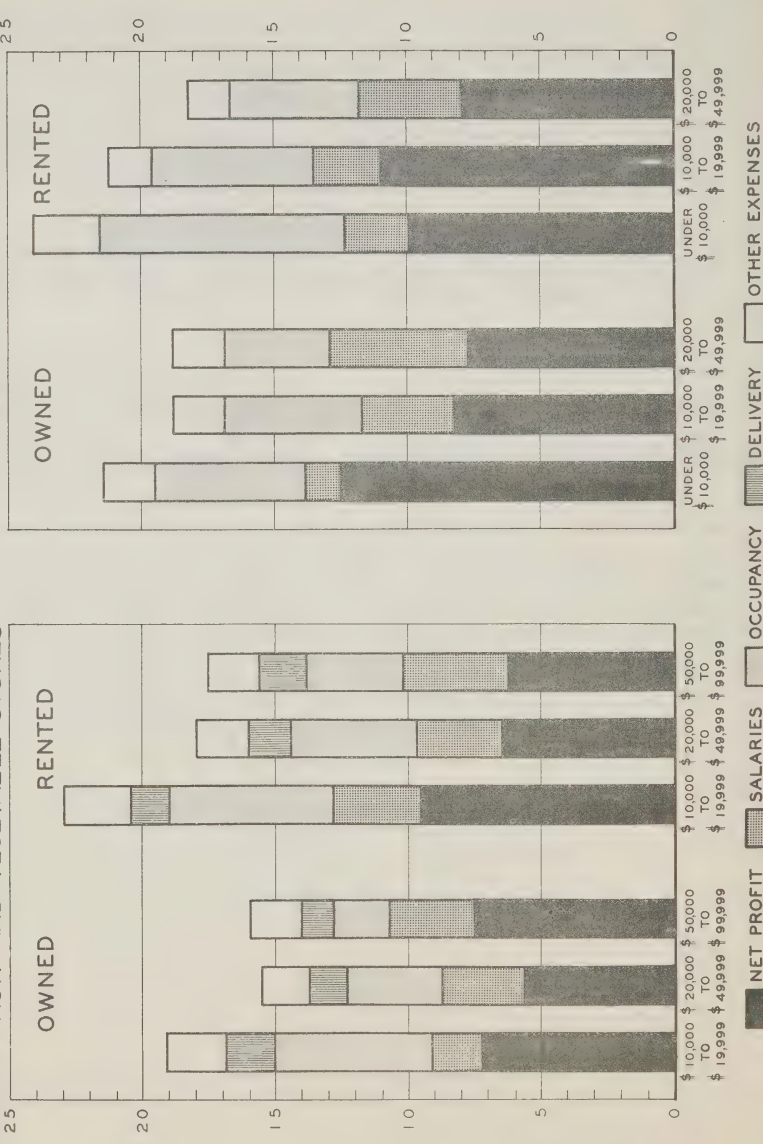


Table 13.--Fruit and Vegetable Stores - Operating Results Classified According to Annual Sales Volume and Occupancy Basis, 1948

Item	OWNED STORES			RENTED STORES		
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999
Number of stores reporting	11	20	9	15	64	46
Average of net sales per store .. \$	15,129	33,259	65,710	16,083	33,778	65,777
Average cost of goods sold	12,246	27,276	55,249	12,397	27,732	54,290
Average beginning inventory	1,015	1,383	1,673	707	1,440	2,628
Average inventory, end of year .. \$	967	1,504	2,167	703	1,598	2,941
Stock turnover (times per year) ...	12.36	18.90	28.78	17.58	18.26	19.50
PROFIT AND LOSS DATA						
(Per cent of net sales)	19.05	15.45	15.92	22.91	17.90	17.46
Gross profit						
Operating expenses:						
Employees' salaries and wages						
(except delivery)	1.86	3.13	3.21	3.30	3.15	3.95
Taxes	1.79	.71	.64	.36	.25	.18
Insurance .....	.62	.32	.20	.30	.21	.21
Rentals	-	-	-	3.78	2.77	2.15
Heat, light and power	1.48	.82	.62	.85	.60	.39
Delivery expense	1.78	1.36	1.17	1.45	1.63	1.78
Repairs and maintenance .....	.88	.75	.15	.45	.39	.21
Depreciation allowances	1.10	.97	.48	.17	.30	.35
Store supplies	1.14	.88	1.37	1.18	1.10	1.11
Advertising .....	.12	.09	.06	.05	.15	.11
Bad debts - written off	-	.01	-	-	.08	.03
(Less) amount recovered	-	-	-	-	.01	-
Net bad debt loss	-	.01	-	-	.07	.03
All other expenses	1.12	.82	.56	1.50	.79	.75
Total operating expenses	11.89	9.86	8.46	13.39	11.41	11.22
Net trading profit before proprie- tors' salaries and income tax deduction	7.16	5.59	7.46	9.52	6.49	6.24

Table 14.--Fruit and Vegetable Stores - Financial Structure by Size and Occupancy Basis
as at December 31, 1948

Item (₩) (Average per store)	OWNED STORES		RENTED STORES	
	Total all Sizes over \$20,000	\$20,000 to \$49,999	Total all Sizes over \$20,000	\$20,000 to \$49,999
Assets				
Current assets:				
Cash on hand or in bank	1,919	1,629	2,853	1,822
Net accounts receivable	60	60	435	101
Merchandise inventories	1,982	1,494	2,656	2,022
Other current assets	274	-	188	82
Total current assets	4,235	3,183	5,132	4,027
Fixed assets (net)	9,033	8,058	1,816	1,462
Other assets	384	344	279	57
Total assets	13,652	11,585	7,227	5,546
Liabilities and Net Worth:				
Current liabilities	1,729	1,589	1,809	1,008
Other liabilities	1,454	1,250	175	131
Total liabilities	3,183	2,839	1,984	1,139
Net Worth	10,469	8,746	5,243	4,407
Total Liabilities and Net Worth	13,652	11,585	7,227	5,546
Sales	49,863	35,198	49,995	33,694
Net Profit	3,365	1,967	3,165	2,186
Ratios:				
Current assets to current liabilities	2.45	2.00	2.84	4.00
Current assets to fixed assets ..	.47	.40	2.83	2.75
Net quick assets to net worth ..	.24	.18	.29	.69
Liabilities to net worth .....	.30	.32	.38	.26
Sales to net worth	4.76	4.02	9.54	7.64
Sales to non-current assets	5.28	4.19	23.87	22.18
Net profit to net worth .....	.32	.22	.60	.50

(₩) See definitions on page 5 for more detail description.

5. CONFECTIONERY STORES

Stores classed as confectionery stores are those retailing principally such products as candy and confectionery, soft drinks, tobacco, ice cream, fruits, papers and magazines. Light lunches often form a part of the business but must not be over 50 per cent of total sales to fall with this classification.

A total of 211 satisfactory reports were received and tabulated for profit and loss data. These were classified by amount of annual net sales to come within three size brackets under \$50,000. A few reports of over this sales volume were received but their number did not allow publication of their results as representative of the size class, and are not included in this report. Only the size group with sales between \$20,000 and \$49,999 was used for balance sheet data (60 firms).

The results of the year's operations and average figures and ratios on the financial position of confectionery stores at December 31, 1948 are summarized below with tables following.

1. Gross profit in confectionery stores formed 19.1 per cent of net sales in 1948, slightly above the 1946 level but lower than 1944 and 1945. A greater proportion of operating expenses reduced the slight marginal gain to give a net profit of 8.5 per cent, lower than previous years for which results are available. Greater volume of sales, however, translated this lower ratio into more actual dollars and cents than in 1946.
(Table 15, page 39)
2. Similar to other food stores in 1949, gross and net profits were smaller in ratio to sales in the larger sized brackets. This downward trend was followed by the occupancy expense items - taxes, insurance, heat, light and power, repairs and maintenance - store supplies and bad debt losses. Employees' salaries, delivery expense, depreciation, and advertising followed a reverse trend, increasing in proportion with greater sales volume. (Table 16, page 40)

3. Inventories on hand for resale were sold and replaced more often in the larger stores. The rate of turnover ranged between 3.00 times and 13.12 times per year. All except one size of business class held more dollar volume of stock at the end of the year than at the beginning. (Table 16, page 39)
4. Both owned and rented stores with annual net sales of \$20,000 to \$49,999 had a **favourable ratio of current assets to current liabilities**, 3.28 for owned and 2.93 for rented stores.
5. In owned stores every \$1.00 invested in non-current assets produced \$5.11 sales and for each \$1.00 of proprietor's net worth or equity in the business \$3.92 sales were transacted. These ratios were higher in rented stores where both net worth and non-current assets are smaller because there is no real estate investment. In this category, every \$1.00 of non-current assets produced sales of \$14.40 and the same unit of net worth resulted in \$6.84 sales. (Table 17, page 40)

Table 15.--Operating Results of Independent Confectionery Stores

1944-1946, 1948

Item	1944	1945	1946	1948
Number of stores reporting	165	301	319	211
Average net sales \$	16,307	18,582	19,735	21,641
Gross profit	19.5	20.7	18.9	19.1
Net profit before deduction of proprietors' salaries or income tax	9.6	10.1	8.8	8.5

(Items expressed as percentage of net sales).

Table 16.--Confectionery Stores - Operating Results Classified by Annual Sales Volume
and Occupancy Basis, 1948

Item	OWNED STORES			RENTED STORES		
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999
Number of stores reporting	16	23	35	19	49	69
Average of net sales per store .. \$	6,853	14,116	32,038	6,977	14,761	31,214
Average cost of goods sold	5,386	11,467	26,024	5,297	11,654	25,538
Average beginning inventory	703	870	2,175	771	898	1,905
Average inventory, end of year .. \$	711	914	2,357	837	879	2,028
Stock turnover (times per year) ...	7.61	12.86	11.48	6.30	13.12	12.99
PROFIT AND LOSS DATA						
(Per cent of net sales)						
Gross profit	21.40	18.77	18.77	24.08	21.16	18.18
Operating expenses:						
Employees' salaries and wages						
Taxes (except delivery)	1.28	3.53	5.24	2.39	2.49	3.94
Taxes .....	.89	.80	.59	.80	.52	.38
Insurance .....	.43	.41	.29	.32	.24	.23
Rent	-	-	-	4.75	2.95	2.03
Heat, light and power	2.45	1.71	1.21	1.90	1.23	.95
Delivery expense .....	.03	.13	.15	.01	.02	.07
Repairs and maintenance	1.05	1.03	.65	.92	.65	.48
Depreciation allowances .....	.82	1.20	1.06	.45	.54	.56
Store supplies .....	.72	.69	.45	.92	.68	.51
Advertising .....	.10	.08	.25	.10	.06	.13
Bad debts - written off .....	.19	.07	.07	.51	.15	.03
(Less) amount recovered	-	-	-	.06	-	-
Net bad debt loss .....	.19	.07	-	.45	.15	.03
All other expenses .....	.92	.95	1.23	1.15	.72	.93
Total operating expenses	8.88	10.60	11.12	14.16	10.25	10.29
Net trading profit before proprie-						
tors' salaries and income tax						
deduction	12.52	8.17	7.65	9.92	10.91	7.89

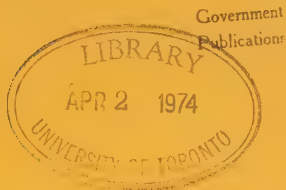
Table 17.--Confectionery Stores - Financial Structure of
Owned and Rented Stores
as at December 31, 1946

Item (₹) (Average per store)	Owned	Rented
Assets	\$	\$
Current assets:		
Cash on hand or in bank	1,641	1,451
Net accounts receivable	137	179
Merchandise inventories	2,987	2,274
Other current assets	284	312
Total current assets	5,049	4,216
Fixed assets (net)	6,414	1,774
Other assets	-	460
Total assets	11,463	6,450
Liabilities and Net Worth:		
Current liabilities	1,538	1,439
Other liabilities	1,563	303
Total liabilities	3,101	1,742
Net Worth	8,362	4,708
Total Liabilities and Net Worth ...	11,463	6,450
Sales	32,805	32,180
Net Profit	4,288	4,073
Ratios:		
Current assets to current		
liabilities	3.28	2.93
Current assets to fixed assets ..	.79	2.38
Net quick assets to net worth ...	.42	.59
Liabilities to net worth .....	.37	.37
Sales to net worth	3.92	6.84
Sales to non-current assets	5.11	14.40
Net profit to net worth .....	.51	.87

(₹) See definitions on page 5 for more detail description.

63-409

GOVERNMENT OF CANADA



Business

OPERATING RESULTS AND FINANCIAL STRUCTURE
RETAIL FOOD STORES

1950



63-409

OPERATING RESULTS AND FINANCIAL STRUCTURE
RETAIL FOOD STORES — 1950

Published by Authority of the Rt. Hon. C. D. Howe
Minister of Trade and Commerce

Prepared in the Merchandising and Services Section
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Dominion Bureau of Statistics
Ottawa

NOTICE

The Industry and Merchandising Division of the Bureau of Statistics collects and compiles figures on (a) the primary industries in Canada — mining, forestry, and fishing; (b) manufacturing; (c) construction; and (d) merchandising and services.

For the purpose of annual compilation and publication, reports on merchandising and services have been classified as follows:

Part I — Wholesale Statistics

- A Wholesale Trade, 25¢.
- * B Operating Results of Food Wholesalers, 25¢.
- * C Operating Results of Dry Goods, Piece Goods, and Footwear Wholesalers, 25¢.
- * D Operating Results of Miscellaneous Wholesalers (automotive equipment, drugs, hardware, plumbing and heating equipment), 25¢.

Part II — Retail Statistics

- E General Review, 25¢.
- F Retail Trade, 50¢.
- G Retail Chain Stores, 50¢.
- * H Operating Results of Chain Food Stores, 25¢.
- * I Operating Results of Chain Clothing Stores, 25¢.
- * J Operating Results of Miscellaneous Chain Stores (variety, drug, furniture), 25¢.
- K Operating Results of Retail Food Stores, 25¢.
- L Operating Results of Retail Clothing Stores, 25¢.
- M Operating Results of Retail Hardware, Furniture, Appliance, and Radio Stores, 25¢.
- N Operating Results of Filling Stations and Garages, 25¢.
- O Operating Results of Miscellaneous Retail Stores, 25¢.
- P Retail Consumer Credit, 25¢.

Part III — Services and Special Fields

- Q Laundries, Cleaners and Dyers, 25¢.
- R Motion Picture Theatres, Exhibitors, and Distributors, 25¢.
- S Hotels, 25¢.
- T Sales Financing, 25¢.
- U Farm Implement and Equipment Sales, 25¢.
- V New Motor Vehicle Sales and Motor Vehicle Financing, 25¢.

The reports are punched to permit of filing in a ring binder.

- * Biennial reports — not issued for 1950.

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DEFINITIONS

Profit and Loss

Net sales — represent the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

Gross profit — is the difference between the cost of merchandise sold and the selling price. The cost of merchandise sold is calculated by adding the beginning inventory to net purchases and deducting the ending inventory.

Operating expenses — are the amounts paid out for any and all expenses incurred in the operation of a business, except the cost of merchandise. These include:

Salaries and wages (except delivery) — paid to employees before deduction of income taxes or unemployment insurance. Proprietors' salaries or withdrawals are included in Net Profit (in unincorporated store operations).

Taxes and Insurance — business, property and water taxes, and insurance premiums carried for the protection of the business. Income taxes and other taxes collected for remittance to governmental bodies are not included.

Rentals — monies paid for premises used only in the business.

Heat, light and power expenses — amount paid for these used during the year.

Delivery expense — includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licences and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.).

Repairs and maintenance — incurred for the purposes of keeping fixed store assets operating efficiently (excludes capital expenditure).

Depreciation — allowances to cover decreases in the value of fixed store assets.

Store supplies — used in the business during the year — wrapping paper, office supplies, etc.

Advertising

Loss on bad debts — during the year — amount written off less old debts recovered.

Other expenses — telephone, telegraph, postage, bank charges, legal fees, collection and auditing fees, etc.

Net Profit — is the difference between gross margin and total expenses, and includes proprietors' salaries and withdrawals before income tax deductions.

Stock turnover — is the number of times in a year that the merchandise is sold and replaced. The average of the beginning and year ending inventories is divided into the cost of merchandise sold.

DEFINITIONS

Balance Sheet

Assets

Cash on hand — and in the bank represents the amount of cash at the end of the year.

Net accounts receivable — are all notes and accounts owing to the business at the end of the year less any reserve for doubtful accounts.

Merchandise inventory — represents the cost value of merchandise on hand for resale but does not include store supplies on hand.

Other current assets — includes assets which may be converted into cash, if necessary, within a reasonably short time, such as prepaid insurance, office and store supplies, Dominion of Canada Bonds.

Fixed assets (net) — is the book value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation. Separate figures are shown for assets used in the business and those not used in the business.

Other assets — Investments of a permanent nature not readily converted into cash and intangibles such as goodwill.

Liabilities and Net Worth

Current liabilities — are obligations which must be paid in the near future and represent accounts receivable or any item that may be considered as a direct lien against current assets.

Fixed liabilities — mortgages secured by fixed assets and separated, as are fixed assets, between those used and not used in business.

Other liabilities — long term notes, accrued expenses such as taxes or rent due but not yet paid, and prepaid or deferred income.

Capital stock — applicable to incorporated companies, represents the investment account of the stockholders in the capital shares of the corporation and does not exceed the amount authorized.

Surplus — applicable to corporations, includes earned surplus from operating profits, capital surplus from premiums received on the sale of capital stock, and surplus reserves.

Net worth — is the difference between total assets and total liabilities. This is composed of stock and surplus in the case of incorporated companies and in unincorporated businesses represents the proprietor's or partner's equity including undivided profits.

OPERATING RESULTS AND FINANCIAL STRUCTURE

RETAIL FOOD STORES—1950

INTRODUCTION

A yardstick of performance is a useful gauge in assessing the success of endeavour. When that yardstick takes the form of a statistical summary of the average operating experience of retail stores, it may not constitute an ideal pattern of operations which all retailers should set as a goal, but it does represent a reasonably useful standard by which the retailer may ascertain whether or not his operations are being conducted as effectively, economically and profitably as those of the trade in general. To the merchant whose profits are below average, the operating results summaries may help to disclose the reasons which account for this situation. Reflection and consideration on the part of the merchant make it possible to decide whether his operating methods should be altered or whether the situation is normal in the light of conditions peculiar to the location of his business.

There is growing evidence that independent retail merchants are making more advantageous use of the results shown in the biennial operating results bulletins issued by the Dominion Bureau of Statistics. Many accounting firms whose clientele includes retail merchants have shown an interest in these series.

A number of trade papers and business periodicals have reproduced and interpreted the results of previous studies with the object of illustrating to retail merchants the manner in which operating results can be used as a tool in store management. This is a practice the Bureau is pleased to encourage, since it meets with one of the most important objects in maintaining this series, namely the promotion of improved merchandising on the part of retailers.

Statistics derived from other sources have shown that the mortality rate of business is much higher among new entrants into the field of retailing than among those established for five years or more. There are many reasons for this, some of them associated with the natural incompetence of the initiate retailer which could not be completely overcome by means of operating statement analysis. It seems reasonable to suppose, however, that failure in many cases is the result of inadequate knowledge on the part of new proprietors of the true fiscal requirements involved in operating a business and the proper allocation of costs. Where capital is

limited, as is often the case in a newly-established store, it would seem that most careful attention should be given to maintenance of proper records and provision be made to check against some such standard performance as these publications provide.

This report deals with independent retail food stores. Separate figures are given for:

1. Grocery stores
2. Combination meat and grocery stores
3. Meat markets
4. Fruit and vegetable stores
5. Confectionery stores

There are analysis of:

1. profit and loss statements
2. balance sheets

Profit and loss data are shown for owned and rented stores separately, and for various sale-size classes.

Balance sheet data, which was added in 1948, is continued in this 1950 study. This information is presented by size and occupancy groups for stores with \$20,000 or more annual net sales. Where possible, a further breakdown has been made between businesses in operation less than 10 years and those in business 10 years or more. An important change from the 1948 data is the segregation of fixed assets and fixed liabilities between those used in the business and those not used in the business. This makes possible a better relationship between fixed assets and the sales produced by those assets than was possible when all fixed assets of the proprietor were reported as one item.

The same basic sample of firms is used in this series although the sample varies slightly in each survey year. There is, however, a high degree of continuity among the respondents and is believed that no serious distortion arises out of any change in responding firms. For the most part, successive surveys have provided an increasing response rate, an encouraging feature from the standpoint of accuracy and, it is believed, an indication of the growing realization on the part of merchants of the value of these statistics.

COMPARISON OF MAIN ITEMS BY TRADES

Average Gross and Net Profits, 1938, 1941, 1944, 1945, 1946, 1948, 1950

Year	Grocery		Combination		Meat		Fruit and Vegetable		Confectionery	
	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit
	(Percent of net sales)									
1938	16.0	4.5	17.4	4.1	22.4	5.6				
1941	15.2	5.7	16.9	5.2			(Not available)			
1944	14.2	6.3	15.2	5.8	17.1	6.0	16.4	6.6	19.5	9.6
1945	14.1	6.1	14.9	5.0	16.9	6.0	16.0	6.6	20.7	10.1
1946	14.3	6.0	15.1	4.8	17.2	5.8	16.1	6.5	18.9	8.8
1948	14.0	5.7	14.6	4.4	16.6	5.5	17.5	6.5	19.1	8.5
1950	14.4	5.2	14.9	4.1	16.1	5.0	17.5	5.9	18.2	7.5

The 1950 net profits of food stores continued their decrease in relation to sales from the 1944 and 1945 levels. Confectionery stores reported the largest decrease from 1948 and combination stores the smallest. The same two trades respectively had the greatest and smallest ratios of net profit - 7.5% for confectionery stores and 4.1% for combination stores.

Gross profits in 1950 increased from the 1948 level in grocery and combination stores, remained constant for fruit and vegetable stores, and decreased in meat markets and confectionery stores. Confectionery stores operated on the highest ratio of gross and net profit but low average sales actually reduced these to the lowest dollar profits of the five food trades surveyed.

Average Inventories and Stock Turnover 1938, 1941, 1944, 1945, 1946, 1948, 1950

Year	Grocery			Combination			Meat		
	Beginning Inventory	Ending Inventory	Stock turnover ¹	Beginning Inventory	Ending Inventory	Stock turnover ¹	Beginning Inventory	Ending Inventory	Stock turnover ¹
	\$	\$		\$	\$		\$	\$	
1938	2,570	2,472	9.9	2,275	2,265	13.0	732	732	31.0
1941	2,636	2,979	7.9	2,046	2,324	13.0	(Not available)		
1945	2,382	2,468	11.5	3,084	3,176	15.5	882	972	41.6
1946	2,442	2,843	11.4	3,231	3,846	14.9	1,054	1,284	37.2
1948	3,389	3,423	10.6	4,460	4,520	13.8	1,249	1,398	37.4
1950	3,528	3,906	10.9	4,453	5,141	13.9	1,130	1,305	43.4
	Fruit and Vegetable			Confectionery					
	Beginning Inventory	Ending Inventory	Stock turnover ¹	Beginning Inventory	Ending Inventory	Stock turnover ¹			
	\$	\$					\$	\$	
1945	1,212	1,283	25.2		970		1,030		15.3
1946	1,278	1,418	24.6		1,117		1,352		13.0
1948	1,682	1,868	19.2		1,410		1,487		12.1
1950	1,912	2,152	18.8		1,771		1,948		11.3

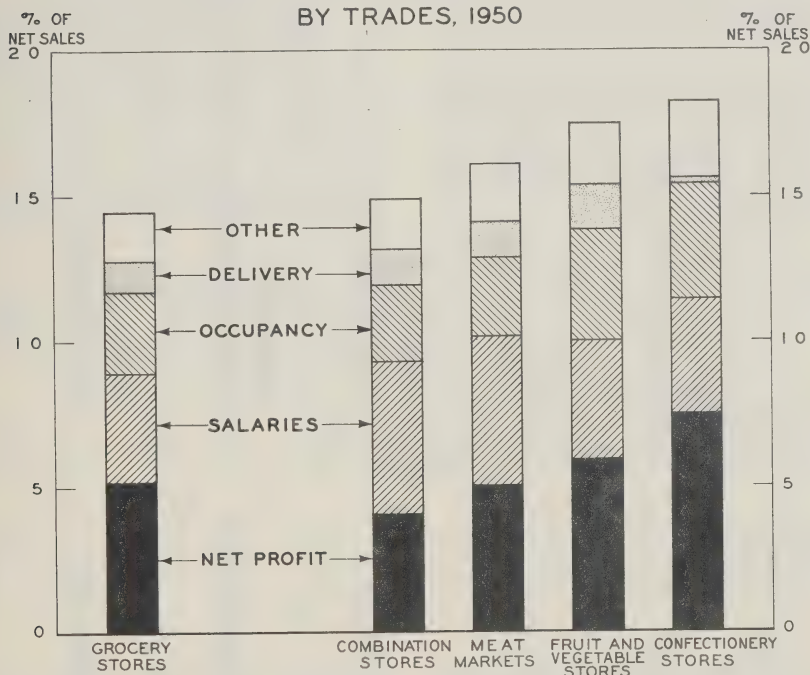
1. Times per year.

Three trades—grocery, fruit and vegetable, and confectionery—stocked a greater dollar volume of merchandise at both the beginning and end of 1950 than at the corresponding dates of 1948. The rate of stock turnover was slower in fruit and vegetable and in confectionery stores than in 1948, a continuation of a downward trend which has been in evidence since 1945 in these trades.

Meat markets, handling a more perishable type of merchandise, had the fastest stock turnover rate.

The 1950 rate of 43.4 times a year exceeded the rates of previous years. Grocery stores, with the most stable line of goods of the five trades, experienced the slowest rate of turnover. Their stock was sold and replaced 10.9 times in the year, or on an average of approximately once every 33 days. The average inventory figures represent dollar volume and any increase does not necessarily reflect a quantity increase.

COMPARISON OF OPERATING RESULTS BY TRADES, 1950



Average Operating Expenses 1950 (Percent of net sales)

Expense Item	Grocery	Combination	Meat	Fruit & vegetable	Confectionery
Salaries (ex. delivery)	3.72	5.26	5.13	4.12	3.91
Occupancy	2.82	2.61	2.69	3.82	4.98
Delivery	1.02	1.25	1.24	1.53	.18
Store Supplies .....	.55	.61	.79	1.11	.48
All other	1.15	1.10	1.21	1.00	1.14
Total operating expenses	9.26	10.83	11.06	11.58	10.69

Salaries paid to employees was the largest single item of expense in all food stores except confectionery stores. Occupancy ranked second in importance among expense items except in confectionery stores where it was first. Combination stores paid a higher share of revenue as salaries and wages (5.26% of sales) than the other trades, and the percentage ranged downward from that figure to a low of 3.72% in grocery stores. Comb-

ination stores realized more sales per occupancy dollar than did other food stores. Occupancy here includes taxes, insurance, rent for rented premises, heat, light and power, repairs and maintenance and depreciation.

Total operating expenses ranged from 9.26% of net sales for grocery stores to 11.58% for fruit and vegetable stores.

FINANCIAL STRUCTURE

Certain balance sheet items and ratios presented in this report are not comparable with those published for 1948 for the following reasons.

1. Government bonds and securities which have a readily realizable market value have been specified on the 1950 form as an item of current assets. In 1948, assets of this nature may have been reported in "other assets". This itemizing of Government bonds and securities has no doubt increased the "current asset" total.

2. Fixed assets used in the business have been separated from those not used in the business. Fixed liabilities—mortgages against the fixed assets—have also been separated to correspond. In the ratio of sales to fixed assets published in 1948, total assets were used. This 1950 bulletin shows the proper ratio of sales to fixed assets used in the business.

The ratios summarized below represent the average of the firms reporting in the over \$20,000 sales groups, and not the over-all trade average.

Balance Sheet Ratios of Food Stores Compared as at December 31, 1950

Item	Grocery stores	Combination stores	Meat markets	Fruit and vegetable stores	Confectionery stores
(Average of firms with net sales of \$20,000 and over)					
	Owned				
Current assets to current liabilities.....	2.88	2.40	2.04	4.12	2.34
Current assets to fixed assets.....	1.01	.92	.59	.50	.76
Net quick assets to net worth.....	.44	.40	.26	.31	.35
Sales to fixed assets used in the business.....	7.65	8.42	7.37	5.81	6.36
Liabilities to net worth.....	.36	.48	.45	.22	.51
	Rented				
Current assets to current liabilities.....	2.94	2.33	1.94	2.48	3.37
Current assets to fixed assets.....	2.79	1.84	1.64	1.21	2.35
Net quick assets to net worth.....	.67	.53	.46	.43	.60
Sales to fixed assets used in the business.....	31.75	25.24	25.34	25.84	23.31
Liabilities to net worth.....	.45	.53	.63	.39	.31

All trades had a favourable balance of current assets over current liabilities. Meat markets in the rented class were slightly below the recognized standard of 2 at 1.94. Owned fruit and vegetable stores showed \$4.12 current assets for every \$1.00 of current obligation.

Proprietors of grocery stores had the highest ratio of net quick assets to net worth in occupancy categories. After allowing for current liabilities, the owner-proprietor had 44% of his net worth in the form of quick assets, the lessee-merchant 67%.

Fixed assets of combination stores in owned premises produced more sales than in the other food trades. Every \$1.00 of store fixed assets in owned

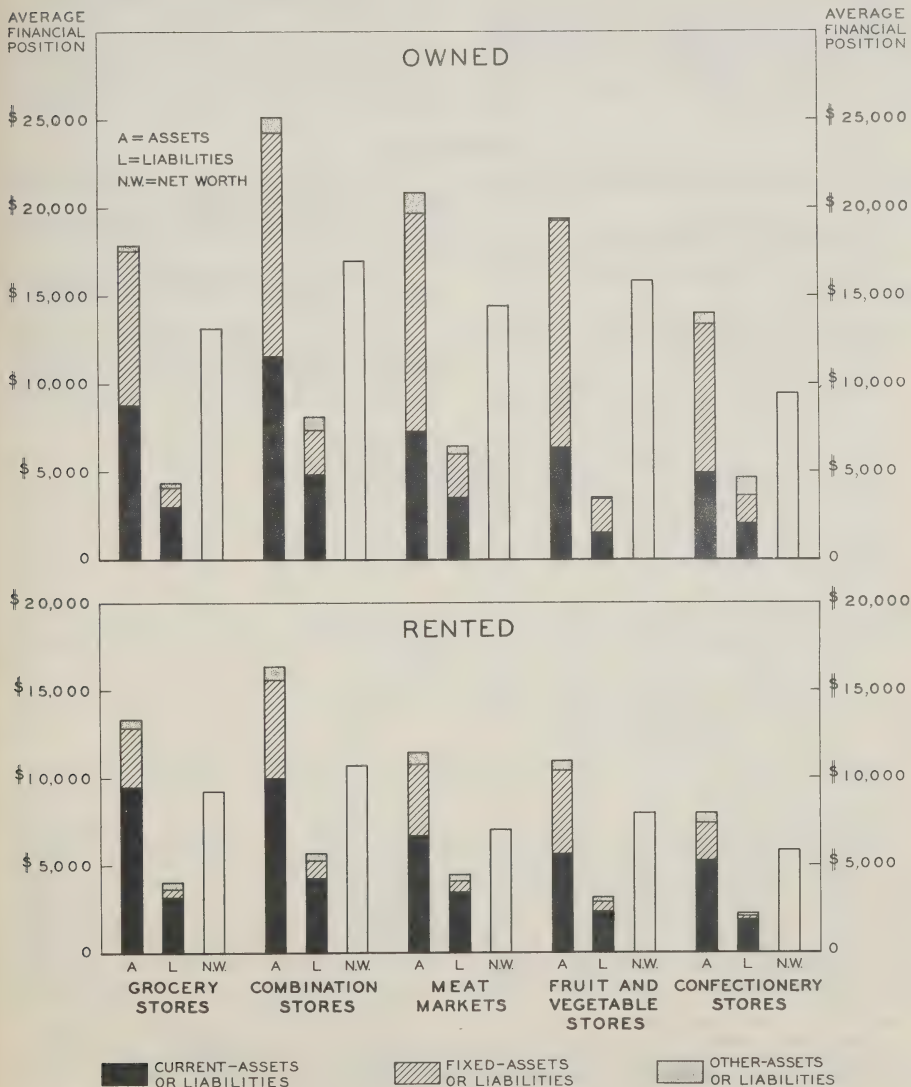
combination stores with over \$20,000 net sales produced \$8.42 sales. In the rented class, where the fixed assets comprise furniture, fixtures and equipment but no land or buildings, the ratios were naturally much greater. Here, grocery stores were highest with \$31.75 sales for every \$1.00 of fixed assets used in the business, and confectionery stores were lowest with a ratio of \$23.31 to \$1.00.

The ratio of liabilities to net worth was under .50 for most categories. The proprietor of the average "rented" meat market had .63 cents liabilities for every \$1.00 net worth while the "owned" fruit and vegetable store proprietor who had the highest current ratio also had the least liabilities in relation to net worth 0.22 cents to \$1.00.

COMPARISON OF FINANCIAL STRUCTURE BY TRADES

AVERAGE FINANCIAL POSITION DECEMBER 31, 1950

TOTAL ASSETS = TOTAL LIABILITIES + NET WORTH



GROCERY STORES

This classification includes stores commonly known as grocery stores. Fresh meats were handled by some, but where this item represented more than 20% of sales, the store was classified as a combination store. After careful editing of the forms returned, it was possible to use 1,044 reports from independent unincorporated firms in the tabulation of profit and loss data. Summary results distinguish those of owned and rented premises, and there is a further division according to sales-size groups.

Balance sheet results were tabulated for the sales-size groups over \$20,000 and a further breakdown was possible by "age" of business. Returns from 617 firms were used to obtain the balance sheet results contained in this part of the bulletin.

Features of the operating results and of the financial position of grocery stores at December 31, 1950 are summarized below:

Operating Results

Gross profit was little changed from previous years.

But operating expenses increased from 8.32% of net sales in 1948 to 9.26% in 1950.

This reduced net profit from 5.65% in 1948 to 5.18% in 1950.

Increase of the proportion spent on salaries accounted for half the rise in total expenses.

Gross and net profit ratios were higher in the smaller stores and decreased in the larger sizes.

The dollar volume of stock was greater at the end of the year than at the beginning.

The rate of stock turnover ranged from 4.19 times a year in small stores to 14.24 times in the largest.

The average owner-proprietor had \$2.88 current assets for every \$1.00 current liabilities and the lessee-merchant \$2.94.

Business in operation 10 years or more were generally in better financial positions than those with less than 10 years experience.

Other averages, percentage and ratios may be obtained from the tables in the following pages.

Operating Results of Independent Grocery Store
1948 and 1950 Compared

Item	1948	1950
Number of stores reporting.....	940	1,044
Average net sales per store.....	\$42,074	\$47,217
Profit and Loss Data (Percentage of net sales)		
Gross profit.....	13.97	14.44
Operating expenses:		
Employees' salaries	3.33	3.72
Occupancy	2.47	2.82
Delivery.....	.96	1.02
Store supplies.....	.54	.55
All other expenses.....	1.02	1.15
Total operating expenses	8.32	9.26
Net profit before deduction of proprietors' salaries and income tax	5.65	5.18

**Balance Sheet Ratios of
Independent Grocery Stores
as at December 31, 1950**

Ratio	Owued	Rented
Current assets to current liabilities.....	2.88	2.94
Current assets to fixed assets	1.01	2.79
Net quick assets to net worth	.44	.67
Sales to fixed assets used in the business.....	7.65	31.75
Liabilities to net worth.....	.36	.44

**GROCERY STORES
GROSS AND NET PROFITS**

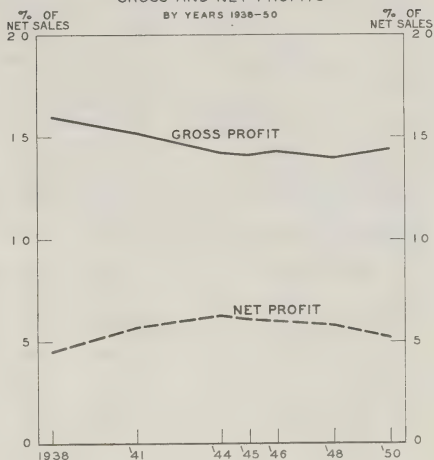


TABLE 1. Grocery Stores — Operating Results by Annual Sales Volume and Occupancy, 1950

Item	Owned stores with annual net sales of					Rented stores with annual net sales of				
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting	31	126	281	118	36	14	65	210	111	52
Average net sales per store \$	6,751	15,689	32,771	64,783	177,313	6,986	15,434	35,383	70,638	144,228
Average cost of goods sold..... \$	5,483	13,379	28,210	55,743	152,628	5,498	12,913	30,315	59,947	122,782
Average beginning inventory..... \$	829	1,612	2,793	4,697	9,930	1,172	1,454	2,630	5,599	9,098
Average inventory, end of year..... \$	998	1,710	3,071	5,395	11,500	1,447	1,584	2,837	5,987	10,286
Stock turnover (times per year).....	6.01	8.05	9.62	11.05	14.24	4.19	8.50	11.09	10.35	12.67
Profit and Loss Data (Per cent of net sales)										
Gross profit	18.78	14.72	13.92	13.95	13.92	21.44	16.34	14.32	15.13	14.87
Operating expenses:										
Employees' salaries and wages (except delivery)	0.28	1.26	2.59	3.59	4.81	0.20	1.81	2.88	4.36	5.52
Taxes.....	1.32	0.73	0.52	0.37	0.28	0.87	0.38	0.24	0.19	0.18
Insurance.....	0.41	0.38	0.31	0.28	0.23	0.64	0.21	0.20	0.25	0.17
Rent.....	—	—	—	—	—	4.23	2.54	1.65	1.23	0.98
Heat, light and power	1.93	1.32	0.75	0.55	0.39	1.97	0.98	0.63	0.40	0.30
Delivery.....	0.61	0.47	0.95	1.05	1.19	0.31	0.69	0.92	1.22	1.04
Repairs and maintenance	0.35	0.58	0.43	0.40	0.38	0.43	0.23	0.27	0.27	0.21
Depreciation allowances	0.88	0.61	0.89	0.90	0.98	0.41	0.35	0.44	0.49	0.52
Store supplies	0.75	0.55	0.49	0.53	0.65	0.85	0.63	0.50	0.54	0.61
Advertising	0.15	0.07	0.16	0.21	0.32	0.04	0.08	0.17	0.24	0.32
Bad debts — written off.....	0.44	0.16	0.09	0.13	0.23	0.31	0.12	0.10	0.18	0.12
(Less) amount recovered.....	0.04	—	—	0.01	0.04	—	—	0.01	0.01	0.02
Net bad debt loss	0.40	0.16	0.09	0.12	0.19	0.31	0.12	0.09	0.17	0.10
All other expenses	0.87	0.74	0.78	0.71	0.80	1.38	1.49	0.69	0.80	0.88
Total operating expenses	7.95	6.87	7.96	8.71	10.22	11.44	9.31	8.68	10.16	10.83
Net trading profit before proprietors' salaries and income tax deduction	10.83	7.85	5.96	5.24	3.70	10.00	6.83	5.64	4.97	4.04

1. Less than 0.005%

TABLE 2. Grocery Stores — Owned — Financial Structure by Size and Age of Business as at December 31, 1950

Item ¹ (Average per store)	Stores with annual net sales of									Total, all sizes (over \$20,000)
	\$20,000 — \$49,999			\$50,000 — \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
Assets										
Current assets:										
Cash on hand and in bank	1,115	1,195	1,172	1,673	1,717	1,700	1,650	3,181	2,750	1,460
Accounts and notes receivable (net)	824	977	933	2,171	2,210	2,195	5,540	7,400	6,877	1,821
Merchandise inventory	3,066	3,272	3,214	4,820	5,862	5,463	8,231	12,408	11,233	4,559
Other current assets:										
Government bonds and securities	119	789	599	486	1,610	1,180	522	3,410	2,598	929
Prepaid expenses	19	10	13	26	156	106	67	288	226	58
Total current assets	5,143	6,243	5,931	9,176	11,555	10,644	16,010	26,687	23,684	8,837
Fixed assets (net):										
Used in the business	6,435	5,532	5,788	8,417	7,107	7,608	13,100	18,936	17,294	7,338
Not used in the business	1,262	1,457	1,401	1,159	1,903	1,619	1,872	440	844	1,409
Total net fixed assets	7,697	6,989	7,189	9,576	9,010	9,227	14,972	19,376	18,138	8,747
Other assets:										
Investments of a permanent nature	25	226	169	125	100	109	—	77	55	142
Other, such as goodwill	205	165	177	136	92	109	—	191	137	155
Total other assets	230	391	346	261	192	218	—	268	192	297
Total assets	13,070	13,623	13,466	19,013	20,757	20,089	30,982	46,331	42,014	17,881
Liabilities										
Current liabilities—accounts and notes payable	1,494	1,665	1,617	2,973	2,879	2,915	10,372	14,791	13,548	3,065
Fixed liabilities—mortgages on fixed assets										
Used in the business	1,172	298	546	1,749	1,031	1,306	3,003	1,431	1,874	874
Not used in the business	89	327	259	239	183	204	—	—	—	220
Other liabilities	346	226	260	1,132	474	726	1,919	2,002	1,978	544
Total Liabilities	3,101	2,516	2,682	6,093	4,567	5,151	15,294	18,224	17,400	4,703
Net worth—proprietor's or partners' equity in the business	9,969	11,107	10,784	12,920	16,190	14,938	15,688	28,107	24,614	13,178
Total liabilities and net worth	13,070	13,623	13,466	19,013	20,757	20,089	30,982	46,331	42,014	17,881
Number of stores reporting	63	159	222	36	58	94	9	23	32	348
Average net sales of stores reporting	34,543	33,335	33,678	68,378	66,182	67,023	147,751	192,807	180,135	56,152

1. See definitions on page 5 for more detail.

TABLE 3. Grocery Stores — Rented — Financial Structure by Size and Age of Business as at December 31, 1950

Item ¹ (Average per store)	Stores with annual net sales of									Total all sizes (over \$20,000)
	\$20,000 — \$49,999			\$50,000 — \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
Assets										
Current assets:										
Cash on hand and in bank	838	1,214	1,064	1,472	1,907	1,724	2,407	3,789	3,279	1,646
Accounts and notes receivable (net)	967	1,044	1,013	2,836	2,479	2,629	4,910	4,777	4,827	2,164
Merchandise inventory	2,841	2,786	2,808	5,719	6,304	6,057	10,010	10,344	10,220	5,078
Other current assets:										
Government bonds and securities	63	458	300	754	757	756	355	894	694	508
Prepaid expenses	51	49	50	40	30	34	268	146	191	69
Total current assets	4,760	5,551	5,235	10,821	11,477	11,200	17,950	19,950	19,211	9,465

1. See definitions on page 5 for more detail.

TABLE 3. Grocery Stores — Rented — Financial Structure by Size and Age of Business as at December 31, 1950 — Conc.

Item ¹ (Average per store)	Stores with annual net sales of									Total all sizes (over \$20,000)
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
Assets—concluded:										
Fixed assets (net):										
Used in the business	1,750	1,079	1,347	2,740	2,059	2,347	4,226	3,339	3,666	2,052
Not used in the business	1,273	901	1,050	874	1,661	1,329	1,000	2,951	2,231	1,338
Total net fixed assets.....	3,023	1,980	2,397	3,614	3,720	3,676	5,226	6,290	5,897	3,390
Other assets										
Investments of a permanent nature	2	261	157	103	108	106	33	267	180	146
Other, such as goodwill	255	146	190	660	431	527	724	312	464	341
Total other assets	257	407	347	763	539	633	757	579	644	487
Total assets	8,040	7,938	7,979	15,198	15,736	15,509	23,933	26,819	25,752	13,342
Liabilities										
Current liabilities—accounts and notes payable:	1,419	1,370	1,390	4,150	3,583	3,822	6,938	8,189	7,727	3,224
Fixed liabilities—mortgages on fixed assets:										
Used in the business	138	55	88	462	—	195	140	—	52	115
Not used in the business	538	179	322	286	75	164	280	370	336	276
Other liabilities	232	172	196	650	621	633	1,609	730	1,055	478
Total liabilities.....	2,327	1,776	1,996	5,548	4,279	4,814	8,967	9,289	9,170	4,093
Net worth — proprietor's or partners' equity in the business	5,713	6,162	5,983	9,650	11,457	10,695	14,966	17,530	16,582	9,249
Total liabilities and net worth	8,040	7,938	7,979	15,198	15,736	15,509	23,933	26,819	25,752	13,342
Number of stores reporting	56	84	140	35	48	83	17	29	46	269
Average net sales of store reporting.....	37,275	35,996	36,508	75,657	68,238	71,366	128,128	148,768	141,140	65,156

1. See definitions on page 5 for more detail.

COMBINATION STORES

Stores selling both groceries and meats are classed as combination stores whenever the smaller of the two commodities forms not less than 20% of total sales. Profit and loss statements from 821 such stores were used to produce the average results which are presented by sales-size and occupancy groups. There were too few with sales under \$10,000 to warrant publication of results. Balance sheet

information, supplied by 560 firms, was tabulated only for those with annual net sales of \$20,000 and over. Tabulations were made on an age, size and occupancy basis.

Summary points on the 1950 operations of combination stores and their financial position at the end of the year are given below.

Operating Results

The average gross profit in 1950, at 14.88% of net sales, was slightly higher than in 1948.

Operating expenses, higher than in other recent years, offset the gain in gross profit to leave a smaller average net profit than in 1948.

In 1950, net profits ranged from 7.10% of sales in the smaller size-groups to 3.50% in the larger stores.

Stock was sold and replaced 8.50 times a year or once every 43 days in the smallest sales-size class and 15.01 times or approximately once every 24 days in the largest group.

The owner-proprietor of the average store with over \$20,000 annual sales had \$2.40 current assets at the end of 1950 for every \$1.00 of current obligation. Lessee-merchants had a current ratio of 2.33.

**Operating Results of Combination Stores
1948 and 1950 Compared**

Item	1948	1950
Number of stores reporting.....	735	821
Average net sales	\$72, 557	\$78, 079
Profit and Loss Data (Percentage of net sales)		
Gross profit	14. 55	14. 88
Operating Expenses:		
Employees' salaries	4. 89	5. 26
Occupancy	2. 34	2. 61
Delivery	1. 26	1. 25
Store supplies	61	. 61
All other expenses	1. 05	1. 10
Total operating expenses	10. 15	10. 83
Net profit before deduction of proprietors' salaries and income tax	4. 40	4. 05

**Balance Sheet Ratios of
Independent Combination Stores
as at December 31, 1950**

Ratio	Ow ned	Rented
Current assets to current liabilities.....	2. 40	2. 33
Current assets to fixed assets	. 92	1. 84
Net quick assets to net worth	. 40	. 55
Sales to fixed assets used in the business	8. 42	25. 24
Liabilities to net worth	—	. 53

**COMBINATION STORES
GROSS AND NET PROFITS**

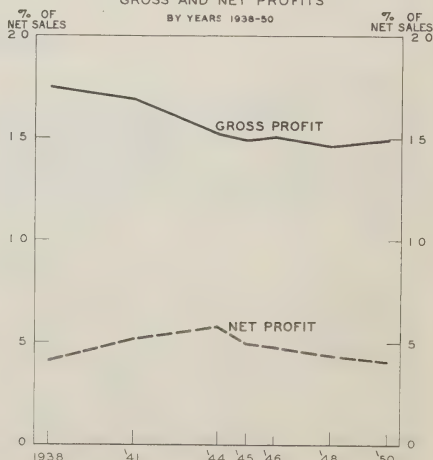


TABLE 4. Combination Stores — Operating Results by Annual Sales Volume and Occupancy, 1950

Item		Owned stores with annual net sales of				Rented stores with annual net sales of			
		\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting	No.	45	145	170	108	14	94	134	104
Average net sales per store	\$	15,731	34,018	74,105	161,176	16,355	36,348	70,742	146,915
Average cost of goods sold	\$	13,268	29,149	63,514	137,535	13,181	30,730	59,930	124,465
Average beginning inventory	\$	1,332	2,578	4,420	8,376	1,483	2,465	3,874	7,549
Average inventory, end of year	\$	1,381	2,616	5,135	10,405	1,620	2,580	4,242	9,034
Stock turnover (times per year)		9.78	11.22	13.30	14.65	8.50	12.18	14.77	15.01
Profit and Loss Data (per cent of net sales)									
Gross profit		15.65	14.31	14.29	14.67	19.42	15.46	15.28	15.28
Operating expenses:									
Employees' salaries and wages (except delivery)		1.76	3.21	4.77	5.88	2.31	3.53	5.25	6.22
Taxes		0.82	0.47	0.36	0.31	0.43	0.28	0.20	0.14
Insurance		0.34	0.30	0.28	0.26	0.31	0.23	0.22	0.23
Rent		1.34	0.81	0.56	0.39	1.22	0.58	0.40	0.32
Heat, light and power		1.23	1.31	1.15	1.19	2.24	1.39	1.36	1.26
Repairs and maintenance		0.54	0.42	0.43	0.34	0.62	0.31	0.34	0.28
Depreciation allowance		0.64	0.88	0.98	0.84	0.43	0.64	0.55	0.73
Store supplies		0.62	0.67	0.55	0.63	0.76	0.66	0.65	0.58
Advertising		0.07	0.16	0.19	0.28	0.11	0.12	0.20	0.33
Bad debts — written off		0.18	0.16	0.12	0.11	0.37	0.18	0.10	0.08
(Less) amount recovered		0.02	0.01	0.01	0.01	1	0.04	0.04	0.01
Net bad debt loss		0.16	0.15	0.11	0.10	0.37	0.14	0.06	0.07
All other expenses		1.03	0.75	0.82	0.77	1.12	0.74	0.66	0.76
Total operating expenses		8.55	9.13	10.20	10.99	13.30	10.30	11.00	11.78
Net trading profit before proprietors' salaries and income tax deduction		7.10	5.18	4.09	3.68	6.12	5.16	4.28	3.50

1. Less than 0.005%.

TABLE 5. Combination Stores — Owned — Financial Structure by Size and Age of Business as at December 31, 1950

Item ¹ (Average per store)	Stores with annual net sales of									Total all sizes (over \$20,000)
	\$20,000 — \$49,999			\$50,000 — \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
Assets										
Current assets:										
Cash on hand and in bank	762	1,264	1,110	1,030	2,252	1,833	2,569	3,462	3,199	2,000
Accounts and notes receivable (net)	1,086	1,012	1,035	2,434	2,567	2,521	5,344	5,891	5,730	2,978
Merchandise inventory	2,735	2,325	2,450	4,820	5,477	5,252	11,651	9,774	10,327	5,840
Other current assets:										
Government bonds and securities	29	284	206	339	1,399	1,036	440	1,042	865	740
Prepaid expenses	6	7	7	22	149	106	148	26	62	64
Total current assets	4,618	4,892	4,808	8,645	11,844	10,748	20,152	20,195	20,183	11,622
Fixed assets (net):										
Used in the business	7,410	5,177	5,862	10,450	8,738	9,325	20,236	15,497	16,894	10,414
Not used in the business	1,085	1,993	1,714	1,096	2,291	1,881	1,432	4,362	3,498	2,285
Total net fixed assets	8,495	7,170	7,576	11,546	11,029	11,206	21,668	19,859	20,392	12,699
Other assets:										
Investments of a permanent nature	—	293	203	35	882	592	448	1,556	1,230	655
Other, such as goodwill	248	68	123	38	147	110	196	357	309	169
Total other assets	248	361	326	73	1,029	702	644	1,913	1,539	824
Total assets	13,361	12,423	12,710	20,264	23,902	22,656	42,464	41,967	42,114	25,145
Liabilities										
Current liabilities — accounts and notes payable	1,872	1,365	1,520	3,594	4,191	3,987	9,811	9,648	9,696	4,852
Fixed liabilities — mortgages on fixed assets:										
Used in the business	1,604	391	763	2,865	1,114	1,714	8,155	1,768	3,650	1,973
Not used in the business	574	266	361	279	473	407	307	1,093	862	520
Other liabilities	312	287	295	698	616	644	3,543	768	1,586	804
Total liabilities	4,362	2,309	2,939	7,436	6,394	6,752	21,816	13,277	15,794	8,149
Net worth — proprietor's or partners' equity in the business	8,999	10,114	9,771	12,828	17,508	15,904	20,648	28,690	26,320	16,996
Total liabilities and net worth	13,361	12,423	12,710	20,264	23,902	22,656	42,464	41,967	42,114	25,145
Number of stores reporting	31	70	101	49	94	143	28	67	95	339
Average net sales of stores reporting	37,263	32,742	34,130	71,723	76,513	74,872	175,481	158,946	163,820	87,660

1. See definitions on page 5 for more detail.

TABLE 6. Combination Stores—Rented—Financial Structure by Size and Age of Business

Item ¹ (Average per store)	Stores with annual net sales of									Total all sizes (over \$20,000)
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
Assets										
Currents assets:										
Cash on hand and in bank	862	592	709	1,607	1,619	1,614	2,204	2,373	2,298	1,629
Accounts and notes receivable (net)	941	882	908	1,748	2,306	2,090	3,491	5,410	4,566	2,647
Merchandise inventory	2,241	2,567	2,426	3,577	4,198	3,958	8,606	9,117	8,892	5,265
Other current assets:										
Government bonds and securities	61	381	242	81	273	199	234	1,271	814	418
Prepaid expenses	3	54	32	2	100	62	77	171	130	78
Total current assets	4,108	4,476	4,317	7,015	8,496	7,923	14,612	18,342	16,700	10,037
Fixed assets (net):										
Used in the business	2,955	1,398	2,074	3,115	2,721	2,873	6,469	4,629	5,439	3,552
Not used in the business	340	1,381	929	2,505	3,682	3,226	2,046	942	1,428	2,065
Total net fixed assets	3,295	2,779	3,003	5,620	6,403	6,099	8,515	5,571	6,867	5,617
Other assets:										
Investments of a permanent nature	55	—	24	80	220	166	—	1,129	632	290
Other, such as goodwill	276	50	148	896	571	697	1,039	59	490	495
Total other assets	331	50	172	976	791	863	1,039	1,188	1,122	785
Total assets	7,734	7,305	7,492	13,611	15,690	14,885	24,166	25,101	24,689	16,439
Liabilities										
Current liabilities—accounts and notes payable..	2,369	1,363	1,799	3,023	3,172	3,114	7,654	7,490	7,562	4,308
Fixed liabilities—mortgages on fixed assets:										
Used in the business	1,186	58	548	619	59	276	1,141	24	515	422
Not used in the business	130	260	204	481	1,013	807	944	48	442	538
Other liabilities	31	248	154	228	252	243	1,318	571	900	445
Total liabilities	3,716	1,929	2,705	4,351	4,496	4,440	11,057	8,133	9,419	5,713
Net worth—proprietor's or partner's equity in the business	4,018	5,376	4,787	9,260	11,194	10,445	13,109	16,967	15,270	10,726
Total liabilities and net worth	7,734	7,305	7,492	13,611	15,690	14,885	24,166	25,100	24,689	16,439
Number of stores reporting	23	30	53	36	57	93	33	42	75	221
Average net sales of stores reporting	40,367	34,734	37,179	72,895	75,045	74,212	137,063	152,884	145,923	89,667

1. See definitions on page 4 for more detail.

MEAT MARKETS

Stores in this classification are those selling fresh meats with related lines of poultry, fish and dairy products. If groceries form more than 20% of net sales, the business is classified as a combination store.

Reports suitable for tabulation of profit and loss data were received from 314 stores. The results are shown by sales-size groups with too few reporting in the class "under \$10,000" to permit publication of the results. A distinction is also made between

stores operated from owned premises and those from rented premises. Balance sheet data were tabulated only for stores with annual net sales of \$20,000 or more. Reports suitable for this purpose were received from 194 meat markets and results are shown by type of occupancy and sales-size.

Some of the more important features in the 1950 operations of independent meat markets and their financial structure at the end of the year were as follows

Operating Results

Little change took place in the main 1950 operating ratios of meat markets as compared with 1948.

A greater dollar volume of merchandise was in stock at the end of 1950 than at the beginning of the year.

The rate of stock turnover ranged from 16.44 times a year in the smallest size stores to 53.41 times in the largest.

The current ratio—current assets to current liabilities stood at 2.04 for the proprietor who owned his premises and at 1.94 for the merchant operating from leased premises.

Every \$1.00 invested in fixed assets produced \$7.37 sales for the "owned" operator and \$25.34 sales for the merchant who operated from rented premises

**Operating Results of Independent Retail Meat Markets
1948 and 1950 Compared**

Item	1948	1950
Number of stores reporting.....	328	314
Average net sales	\$59,382	\$62,931
Profit and Loss Data (Percentage of net sales)		
Gross Profit	16.59	16.08
Operating expenses:		
Employees' salaries	5.04	5.13
Occupancy.....	2.70	2.69
Delivery.....	1.20	1.24
Store Supplies.....	.91	.79
All other expenses.....	1.23	1.21
Total operating expenses	11.08	11.06
Net profit before deduction of proprietors' salaries and income tax	5.51	5.02

**Meat Markets - Financial Ratios
as at December 31, 1950**

Ratio	Owmed Stores	Rented Stores
Current assets to current liabilities.....	2.04	1.94
Current assets to fixed assets	.59	1.64
Net quick assets to net worth	.26	.46
Sales to fixed assets used in the business	7.37	25.34
Liabilities to net worth .....	.45	.63

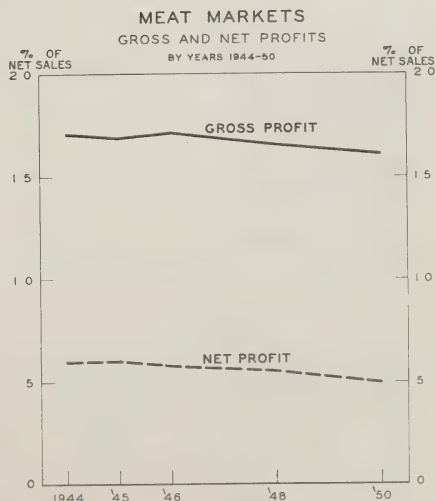


TABLE 7. Meat Markets — Operating Results by Annual Sales Volume and Occupancy, 1950

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting.....	16	46	36	17	18	64	75	34
Average net sales per store.....	15,352	33,000	69,980	148,780	15,919	35,252	68,772	151,815
Average cost of goods sold.....	11,904	27,577	58,915	124,129	12,599	29,327	57,777	129,357
Average beginning inventory.....	718	697	1,233	2,423	454	625	1,345	2,120
Average inventory, end of year.....	730	758	1,342	2,999	587	702	1,345	2,120
Stock turnover (times per year).....	16.44	37.93	45.77	45.79	24.23	44.23	40.64	53.41
Profit and Loss Data (Per cent of net sales)								
Gross profit.....	22.46	16.45	15.82	19.77	20.86	16.81	16.20	14.79
Operating Expenses:								
Employees' salaries and wages (except delivery).....	2.52	3.82	4.96	8.25	1.37	3.88	5.33	5.41
Taxes.....	.51	.38	.32	.41	.28	.21	.13	.12
Insurance.....	.42	.29	.23	.30	.23	.15	.18	.19
Rent.....	—	—	—	—	2.25	1.45	1.15	.91
Heat, light and power.....	1.02	.81	.56	.48	.97	.56	.41	.27
Delivery.....	1.63	1.27	1.31	1.09	1.48	1.30	1.11	1.41
Repairs and maintenance.....	.78	.49	.42	.44	.52	.32	.26	.27
Depreciation allowances.....	1.13	1.21	.92	1.21	.55	.69	.63	.45
Store supplies.....	.66	.86	.74	.80	.80	.74	.80	.82
Advertising.....	.14	.20	.15	.19	.02	.13	.15	.13
Bad debts — written off.....	.11	.11	.15	.08	.08	.05	.11	.04
(Less) amount recovered.....	—	.01	.03	.01	—	.05	.11	.04
Net bad debt loss.....	.11	.10	.12	.07	.08	.05	.11	.04
All other expenses.....	1.05	1.45	1.10	1.15	1.24	.79	1.01	.89
Total operating expenses.....	9.97	10.88	10.83	14.48	9.79	10.27	11.27	10.91
Net trading profit before proprietors' salaries and income tax deduction.....	12.49	5.57	4.99	5.29	11.07	6.54	4.93	3.88

1. Less than 0.005%.

TABLE 8. Meat Markets — Financial Structure by Size and Occupancy as at December 31, 1950.

Item ¹ (Average per store)	Owned stores				Rented stores			
	With annual net sales of			Total	With annual net sales of			Total
	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over		\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	
Assets								
Current assets:								
Cash on hand and in bank	1,000	3,361	4,490	2,652	1,184	2,187	3,094	2,078
Accounts and notes receivable (net)	1,420	2,448	3,188	2,188	888	1,529	4,240	1,983
Merchandise inventory	890	1,470	3,248	1,592	743	1,439	2,844	1,554
Other current assets:								
Government bonds and securities	578	642	1,529	792	1,056	221	2,162	974
Prepaid expenses	—	132	146	82	7	30	428	121
Total current assets	3,888	8,053	12,601	7,306	3,878	5,406	12,768	6,710
Fixed assets (net):								
Used in the business	5,857	10,155	16,477	9,706	2,029	2,858	4,859	3,076
Not used in the business	1,841	3,795	2,251	2,719	864	453	2,239	1,028
Total net fixed assets	7,698	13,950	18,728	12,425	2,893	3,311	7,098	4,104
Other assets:								
Investments of a permanent nature	230	537	3,191	940	659	—	717	394
Other, such as goodwill	494	47	55	225	36	156	819	279
Total other assets	724	584	3,246	1,165	695	156	1,536	673
Total assets	12,310	22,587	34,575	20,896	7,466	8,873	21,402	11,487
Liabilities								
Current liabilities — accounts and notes payable	1,333	4,226	6,755	3,583	1,114	2,442	8,385	3,464
Fixed liabilities — mortgages on fixed assets:								
Used in the business	1,141	2,284	1,456	1,669	205	66	23	101
Not used in the business	289	1,531	353	808	116	195	1,910	592
Other liabilities	92	143	1,507	392	183	299	434	285
Total liabilities	2,855	8,184	10,071	6,452	1,618	3,003	10,760	4,452
Net worth — proprietor's or partners' equity in the business	9,455	14,403	24,504	14,444	5,848	5,870	10,642	7,035
Total liabilities and net worth	12,310	22,587	34,575	20,896	7,466	8,873	21,402	11,487
Number of stores reporting	30	31	15	76	39	50	29	118
Average net sales of stores reporting	34,372	72,145	144,219	71,499	36,358	68,719	149,800	77,950

1. See definitions on page 5 for more detail.

FRUIT AND VEGETABLE STORES

These stores specialize in the sale of fresh fruits and vegetables. While other commodities such as groceries, tobacco and confectionery may be handled, they must form less than 50% of total sales for the business to remain in this classification. After careful editing, 183 reports were found suitable for tabulation of profit and loss data. Results are presented for three sales-size classes within the

range of \$10,000 to \$99,999 for both the owned and rented type of occupancy.

Balance sheet information was tabulated for two size classes in each occupancy group for which 96 returns were used.

Summary points on the 1950 operations of fruit and vegetable stores and their financial position at December 31, 1950 are given below:

Operating Results

Average gross profit at 17.48% of net sales changed little from the 17.51% obtained in 1948.

Operating expenses increased from 11.01% in 1948 to 11.58% in 1950.

This produced a smaller net profit in 1950 amounting to 5.90% of net sales.

Following the general pattern of other trades, gross and net profit percentages decreased as the size of business increased.

Stock was sold and replaced more often in the larger stores than in the smaller and the rate of turnover ranged from 21.13 times a year to 13.18 times.

The owner-proprietor had \$4.12 current assets at the end of the year for every \$1.00 of current liabilities while the lessee-merchant had \$2.48.

Operating Results of Independent Retail Fruit and Vegetable Stores
1948 and 1950 Compared

Item	1948	1950
Number of stores reporting	165	183
Average net sales	\$41,404	\$46,225
Profit and Loss Data (Percentage of net sales)		
Gross Profit	17.51	17.48
Operating expenses		
Employees' salaries	3.48	4.12
Occupancy	3.85	3.82
Delivery	1.63	1.53
Stores supplies	1.11	1.11
All other expenses .....	.94	1.00
Total operating expenses	11.01	11.58
Net trading profit before proprietors' salaries and income tax deduction	6.50	5.90

**Balance Sheet Ratios of Independent
Fruit and Vegetable Stores
as at December 31, 1950**

Ratio	Owened stores	Rented stores
Current assets to current liabilities	4.12	2.48
Current assets to fixed assets	.50	1.21
Net quick assets to net worth	.31	.43
Sales to fixed assets used in the business	5.81	25.84
Liabilities to net worth .....	.22	.39

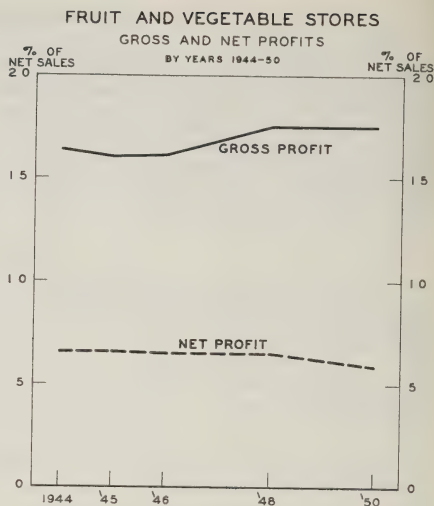


TABLE 9. Fruit and Vegetable Stores - Operating Results by Annual Sales Volume and Occupancy, 1950

Item	Owened stores with annual net sales of			Rented stores with annual net sales of		
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999
Number of stores reporting	10	26	17	18	53	45
Average net sales per store	\$ 15,160	33,307	70,796	16,027	32,907	65,902
Average cost of goods sold	\$ 12,280	27,946	59,540	12,206	26,816	54,251
Average beginning inventory	\$ 903	1,301	3,352	720	1,688	2,371
Average inventory, end of year	\$ 961	1,507	3,404	749	1,838	2,763
Stock turnover (times per year)	13.18	19.90	17.63	16.63	15.21	21.13
Profit and Loss Data (Per cent of net sales)						
Gross profit	19.00	16.09	15.90	23.84	18.51	17.68
Operating expenses:						
Employees' salaries and wages (except delivery)	2.45	3.59	3.78	2.41	3.00	4.56
Taxes	2.09	.92	.45	.39	.29	.18
Insurance .....	.49	.38	.31	.22	.25	.20
Rent	—	—	—	3.92	3.02	2.24
Heat, light and power	1.37	.86	.64	.81	.66	.47
Delivery	2.38	1.35	1.37	1.48	1.30	1.61
Repairs and maintenance .....	.73	.58	.33	.28	.29	.28
Depreciation allowances .....	.65	1.15	.82	.44	.51	.45
Store supplies .....	.97	1.19	1.06	.78	1.18	1.14
Advertising .....	.01	.17	.13	.09	.09	.09
Bad debts- written off .....	.13	.03	—	—	—	.06
(Less) amount recovered	—	—	—	—	—	—
Net bad debt loss .....	.13	.03	—	—	.10	.06
All other expenses	1.33	.89	.77	.69	.88	.74
Total operating expenses	12.60	11.11	9.66	11.51	11.57	12.02
Net trading profit before proprietors' salaries and income tax deduction	6.40	4.98	6.24	12.33	6.94	5.66

1. Less than 0.005%

TABLE 10. Fruit and Vegetable Stores — Financial Structure by Size and Occupancy, as at December 31, 1950

Item ¹ (Average per store)	Owned stores			Rented stores		
	With annual net sales of		Total	With annual net sales of		Total
	\$20,000- \$49,999	\$50,000- \$99,999		\$20,000- \$49,999	\$50,000- \$99,999	
Assets						
Current assets						
Cash on hand and in bank.....	2,121	1,438	2,228	1,787	1,830	1,819
Accounts and notes receivable (net)	126	517	320	129	890	508
Merchandise inventory	1,460	3,821	2,702	2,084	2,911	2,841
Other current assets:						
Government bonds and securities.....	822	693	819	602	510	526
Prepaid expenses	474	76	358	3	2	6
Total current assets	5,023	6,545	6,427	4,605	6,143	5,700
Fixed assets (net):						
Used in the business	9,441	13,239	10,729	1,537	2,146	2,142
Not used in the business	4,087	—	2,180	4,294	1,069	2,561
Total net fixed assets	13,528	13,239	12,909	5,831	3,215	4,703
Other assets:						
Investments of a permanent nature	—	—	—	—	46	21
Other, such as goodwill	—	118	49	1,092	175	644
Total other assets	—	118	49	1,092	221	665
Total assets	18,551	19,902	19,385	11,528	9,579	11,068
Liabilities						
Current liabilities — accounts and notes payable	890	2,168	1,560	1,144	2,845	2,296
Fixed liabilities — mortgages on fixed assets:						
Used in the business	830	2,785	1,626	—	54	24
Not used in the business	559	—	263	873	143	487
Other liabilities	—	143	59	—	305	310
Total liabilities	2,279	5,096	3,508	2,017	3,347	3,117
Net worth — proprietor's or partners' equity in the business.....	16,272	14,806	15,877	9,511	6,232	7,951
Total liabilities and net worth	18,551	19,902	19,385	11,528	9,579	11,068
Number of stores reporting	16	14	34	30	28	62
Average net sales of stores reporting.....	32,898	73,918	62,308	34,358	66,682	55,346

1. See definitions on page 5 for more detail.

CONFECTIONERY STORES

Stores in this classification are those in which candy and confectionery, soft drinks, tobacco, ice cream, fruits, newspapers and magazines are sold. Light lunches often form a part of the business but must not exceed 50 per cent of total sales.

A total of 278 reports were used in the tabulation of profit and loss results for 1950. This tabulation was made on a sales-size and occupancy

basis. Balance sheet data were tabulated for stores with sales of \$20,000 and over for which satisfactory reports were received from 210 stores. There were no reports received from stores in the \$100,000-and-over size class in this trade.

Summary points in the 1950 operations and the financial structure at the end of the year of confectionery stores are listed below:

The average gross profit of confectionery stores in 1950 was lower in percentage to sales at 18.21% than the 19.09% obtained in 1948.

Slightly higher operating expenses in 1950 left a net profit of 7.52% somewhat lower than the 1948 average net profit of 8.50% of net sales.

Gross and net profit ratios decreased consistently as sales volume increased in 1950, gross profits ranging between 22.68% and 14.06% of net sales over the different size groups and net profits from 9.43% to 3.63% of net sales.

The rate of stock turnover ranged between 7.12 times a year in the smallest sales-size class and 15.28 times in the largest.

Both the owner and lessee merchant had favorable ratios of current assets to current liabilities—2.44 to 1 and 2.91 to 1 respectively.

The owner-merchant realized \$4.83 sales in the year for every \$1.00 invested in fixed assets used in the business. The proprietor who operated from rented premises, having no real estate investment, realized \$23.58 sales for every \$1.00 of fixed store assets.

**Operating Results of Independent Confectionery Stores
1948 and 1950 Compared**

Item	1948	1950
Number of stores reporting.....	211	278
Average net sales.....	\$ 21,641	\$ 25,705
Profit and Loss Data (Percentage of net sales)		
Gross Profit	19.09	18.21
Operating expenses:		
Employees' salaries	3.89	3.91
Occupancy	4.89	4.98
Delivery .....	.08	.18
Store supplies .....	.55	.48
All other expenses	1.18	1.14
Total operating expenses.....	10.59	10.69
Net profit before deduction of proprietors' salaries and income tax	8.50	7.52

**Balance Sheet Ratios of
Independent Confectionery Stores
as at December 31, 1951**

Ratio	Owned	Rented
Current assets to current liabilities	2.44	2.91
Current assets to fixed assets	.58	2.49
Net quick assets to net worth	.31	.59
Sales to fixed assets used in the business	4.83	23.58
Liabilities to net worth .....	.50	.37

**CONFECTIONERY STORES
GROSS AND NET PROFITS**

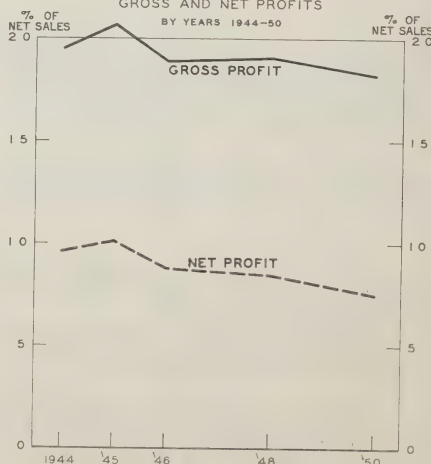


TABLE 11. Confectionery Stores - Operating Results by Annual Sales Volume and Occupancy, 1950

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999
Number of stores reporting	16	39	55	7	13	53	82	13
Average net sales per store	\$ 6,518	15,193	31,741	63,195	6,564	15,358	31,382	60,648
Average cost of goods sold	\$ 5,169	12,436	26,235	54,312	5,075	12,123	25,441	50,731
Average beginning inventory	\$ 647	1,291	1,852	3,235	708	977	2,234	4,842
Average inventory, end of year	659	1,428	2,174	3,873	718	1,066	2,441	4,808
Stock turnover (times per year)	7.92	9.15	13.03	15.28	7.12	11.87	10.88	10.51
Profit and Loss Data (Per cent of net sales)								
Gross profit	20.70	18.14	17.35	14.06	22.68	21.07	18.93	16.35
Operating expenses:								
Employees' salaries and wages (except delivery)	1.47	2.57	3.78	4.47	3.20	3.19	4.31	4.78
Taxes	1.63	.98	.57	.53	.41	.47	.29	.17
Insurance .....	.92	.60	.31	.40	.36	.31	.28	.22
Rent	—	—	—	—	4.63	3.64	2.43	1.78
Heat, light and power	2.63	1.86	1.01	1.05	1.83	1.62	1.01	.80
Delivery .....	.06	.20	.24	.15	.03	.06	.24	.13
Repairs and maintenance	1.11	1.05	.66	.51	1.31	.65	.59	.32
Depreciation allowances	1.34	1.09	1.03	1.53	.12	.70	.64	.74
Store supplies .....	.55	.44	.42	.67	.73	.41	.49	.52
Advertising .....	.26	.11	.18	.17	.07	.05	.16	.23
Bad debts — written off .....	.08	.08	.06	—	.12	.04	.03	.05
(Less) amount recovered	—	.03	—	—	—	—	—	—
Net bad debt loss .....	.08	.05	.06	—	.12	.04	.03	.05
All other expenses	1.22	.99	.96	.95	1.63	.68	.97	.63
Total operating expenses	11.27	9.94	9.22	10.43	14.44	11.82	11.44	10.57
Net trading profit before proprietors' salaries and income tax deduction	9.43	8.20	8.13	3.63	8.24	9.25	7.49	5.78

TABLE 12. Confectionery Stores - Financial Structure by Size and Occupancy as at December 31, 1950

Item ¹ (Average per store)	Owned			Rented		
	With Net Sales of		Total	With Net Sales of		Total
	\$20,000- \$49,999	\$50,000- \$99,999		\$20,000- \$49,999	\$50,000- \$99,999	
Assets						
Current Assets						
Cash on hand and in bank	1,245	2,491	1,443	1,537	1,395	1,511
Accounts and notes receivable (net)	214	595	275	143	500	207
Merchandise inventory	2,070	3,737	2,335	2,299	5,274	2,836
Other current assets:						
Government bonds and securities	790	486	742	704	673	681
Prepaid expenses	193		162	13	24	15
Total Current Assets	4,512	7,369	4,937	4,696	7,766	5,250
Fixed Assets (net) :						
Used in the business	6,343	13,372	7,462	1,332	2,541	1,550
Not used in the business	1,170	214	1,018	666	91	562
Total Net Fixed Assets	7,513	13,586	8,480	1,998	2,632	2,112
Other Assets:						
Investments of a permanent nature	666	—	560	201	—	165
Other such as goodwill	94	108	96	385	718	445
Total Other Assets	760	108	656	586	718	610
Total Assets	12,785	21,063	14,093	7,280	11,116	7,972
Liabilities						
Current Liabilities—accounts and notes payable	1,599	4,314	2,031	1,394	3,677	1,805
Fixed Liabilities—mortgages on fixed assets:						
Used in the business	875	3,905	1,357	37	—	31
Not used in the business	354	—	298	190	—	156
Other liabilities	1,181	22	997	115	275	143
Total Liabilities	4,009	8,241	4,683	1,736	3,952	2,135
Net Worth—Proprietor's or partners equity in the business	8,776	12,762	9,410	5,544	7,164	5,837
Total Liabilities and Net Worth	12,785	21,063	14,093	7,280	11,116	7,972
Number of stores reporting	37	7	44	50	11	61
Average net sales of stores reporting	30,889	63,503	36,076	31,046	61,534	36,544

1. See definitions on page 5 for more detail.

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AND
FINANCIAL STRUCTURE RETAIL FOOD STORES
1952
(Independent)

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NOTICE

The annual reports prepared by the Industry and Merchandising Division of the Bureau of Statistics are divided into 3 volumes, as follows: **Volume I** — The Primary Industries, including mining, forestry and fisheries; **Volume II** — Manufacturing; **Volume III** — Merchandising and Services.

Volume III consists of the following parts with individual trade reports listed under each:

Part I — Wholesale Statistics

- A — Wholesale Trade, 25¢
- *B — Operating Results of Food Wholesalers, 25¢
- *C — Operating Results of Dry goods, Piece Goods, and Footwear Wholesalers, 25¢
- *D — Operating Results of Miscellaneous Wholesalers, (Automotive parts and accessories, drugs, hardware, plumbing and heating equipment), 25¢

Part II — Retail Statistics

- E — General Review, 25¢
- F — Retail Trade, 50¢
- G — Retail Chain Stores, 50¢
- *H — Operating Results of Chain Food Stores, 25¢
- *I — Operating Results of Chain Clothing Stores, 25¢
- *J — Operating Results of Miscellaneous Chain Stores (variety, drug, furniture), 25¢
- K — Operating Results of Retail Food Stores, 25¢
- L — Operating Results of Retail Clothing Stores, 25¢
- M — Operating Results of Retail Hardware, Furniture, Appliance and Radio Stores, 25¢
- N — Operating Results of Filling Stations and Garages, 25¢
- O — Operating Results of Miscellaneous Retail Stores, 25¢
- P — Retail Consumer Credit, 25¢

Part III — Service and Special Fields

- Q — Laundries, Cleaners and Dyers, 25¢
- R — Motion Picture Theatres, Exhibitors and Distributors, 25¢
- S — Hotels, 25¢
- T — Sales Financing, 25¢
- U — Farm Implement and Equipment Sales, 25¢
- V — New Motor Vehicle Sales and Motor Vehicle Financing, 25¢
- W — Advertising Agencies (Memorandum), 25¢
- X — Motion Picture Production (Memorandum), 10¢

The reports are punched to permit of filing in a ring binder.

* Biennial reports — not issued for 1952.

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DEFINITIONS

Profit and Loss

Net sales — the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

Cost of goods sold — determined by adding the beginning inventory to net purchases and deducting the ending inventory.

Gross profit — the difference between "cost of goods sold" and "net sales".

Operating expenses — all costs incurred in the year's operation of a business, except the cost of merchandise. These include:

Salaries and wages (except delivery) — payments to employees before deduction of income tax or unemployment insurance. Proprietors' salaries or withdrawals are included in "net operating profit" (in unincorporated store operations).

Taxes — business, property and water taxes. Taxes collected for remittance to governmental bodies and income tax are not included.

Insurance — annual proportion of premiums for insurance policies carried to protect the business.

Rent — Payments for use of business premises.

Heat, light and power — cost applicable to year's operations.

Delivery — includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licenses and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.).

Repairs and maintenance — costs incurred to keep fixed store assets operating efficiently (excludes capital expenditure).

Depreciation allowances — provision for decrease in the value of fixed store assets.

Store supplies — wrapping paper, office supplies, etc.

Advertising — displays, window dressing and sales promotion.

Net bad debt loss — estimated amount of uncollectable customers' accounts receivable less the amount recovered from former bad debts.

Other expenses — telephone, telegraph, postage, bank charges, legal, auditing and collection fees, etc.

Net operating profit — is the difference between "total operating expenses" and "gross profit", and includes proprietors' salaries and withdrawals before income tax deductions.

Occupancy — the cost of maintaining and occupying a place of business and includes: rent, business and property taxes, insurance, heat, light and power, repairs and maintenance and depreciation.

DEFINITIONS

Balance Sheet

Assets

Cash on hand or in bank — the amount of cash in the business at the end of the year.

Net accounts receivable — all customers' notes and accounts owing to the business at the end of the year less any reserve for doubtful accounts.

Merchandise inventory — the cost value of merchandise on hand for resale but does not include store supplies on hand.

Other current assets — includes assets which may be converted into cash, if necessary within a reasonably short time, such as Dominion of Canada Bonds and prepaid insurance.

Fixed assets (net) — the book value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation. Separate figures are shown for assets used in the business and those not used in the business.

Other assets — investment of a permanent nature not readily converted into cash and intangibles such as goodwill and organization costs.

Liabilities and Net Worth

Current liabilities — are obligations which must be paid in the near future and represent accounts payable or any item that may be considered as a direct lien against current assets.

Fixed liabilities — mortgages secured by fixed assets and separated, as are fixed assets, between those used and not used in business.

Other liabilities — long term notes payable, accrued expenses such as taxes due but not yet paid, and prepaid or deferred income.

Net worth — Unincorporated business — the amount invested in the business together with any accumulated profits after proprietor's or partners' withdrawals.

Incorporated business — net worth is shown in two parts: (1) Capital stock, which represents the shareholders' investment of fully paid-up subscribed shares, and (2) Surplus, which represents distributable surplus, capital surplus and earned surplus.

DEFINITIONS

Profit and Loss Statement Ratios

Stock Turnover — the number of times in a year that the average merchandise inventory is sold and replaced. The average of the beginning and ending inventories is divided into the cost of goods sold.

Note: Each of the following ratios are expressed as a percentage of "net sales". Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales' dollar.

Gross Profit Ratio — sometimes referred to as the "gross margin ratio" or "mark-up" represents the difference between "cost of goods sold" and "net sales". It is the portion of the average sales' dollar from which the merchant meets his operating expenses and obtains his net operating profit.

Operating Expense Ratios — each item of expense, as well as "total operating expenses", when expressed as a percentage of "net sales" shows the amounts of the average sales' dollar required to operate the average business.

Net Operating Profit Ratio — the remaining proportion of the average sales' dollar after "cost of goods sold" and "total operating expenses" have been deducted. From this amount, the percentage allowances for both proprietors' salaries and income tax should be deducted in order to determine the percentage to sales of net returns on capital investment.

Balance Sheet Ratios

Current Ratio — $\text{Current Assets} \div \text{Current Liabilities}$ — indicates to what extent the business is able to meet its current obligations out of "current assets". Care should be taken to examine the components of current assets because overstocking of inventories and overinvestment in credit sales (accounts receivables) can result in a stronger or more favourable ratio.

Liquidity Ratio — $\text{Cash} + \text{Accounts Receivable} + \text{Government Bonds and Securities} \div \text{Current Liabilities}$ — sometimes referred to as the "acid test", is similar to the "current ratio" as a test of current credit strength. A ratio of 100% (or 1) is usually considered favourable.

Working Capital to Net Worth Ratio — denotes the relationship between "working capital" (current assets less current liabilities) and a proprietor's equity in the business. That is, the proportion of "net worth" that could be realized readily if liquidation were necessary.

Worth-Debt Ratio — $\text{Net Worth} \div \text{Total Liabilities}$ — if used in conjunction with the "current ratio", would reflect any weakening of the capital structure of a business through large loans which give a high "current ratio".

Interstatement Ratio

Turnover of Total Capital Employed — $\text{Net Sales} \div \text{Total Assets used in the business}$ — provides an indication of the degree of management efficiency. However, this ratio should not be used alone because "profits" and not "sales" are the major criterion of efficiency.

OPERATING RESULTS AND FINANCIAL STRUCTURE RETAIL FOOD STORES 1952

INTRODUCTION

The ratios appearing in the operating results bulletins may not constitute an ideal pattern of operations which all retailers should set as a goal, but they do represent a standard by which the retailer may ascertain whether or not his operations are being conducted as effectively, economically and profitably as those of the trade in general. To the merchant whose profits are below average, the operating results summaries may help to disclose the reasons which account for this situation. Reflection and consideration on the part of the merchant make it possible to decide whether his operating methods should be altered or whether the situation is normal in the light of conditions peculiar to the location of his business.

There is growing evidence that independent retail merchants are making more advantageous use of the results shown in the biennial operating results bulletins issued by the Dominion Bureau of Statistics. Many accounting firms whose clientele includes retail merchants have shown much interest in these series.

A number of trade papers and business periodicals have reproduced and interpreted the results of previous studies with the object of illustrating to retail merchants the manner in which operating results can be used as a tool in store management. This is a practice the Bureau is pleased to encourage, since it meets with one of the most important objects in maintaining this series, namely the promotion of improved merchandising on the part of retailers.

Statistics derived from other sources have shown that the mortality rate of business is much higher among new entrants into the field of retailing than among those established for five years or more. There are many reasons for this, some of them associated with the natural incompetence of the initiate retailer which could not be completely overcome by means of operating statement analysis. It seems reasonable to suppose, however, that failure in many cases is the result of inadequate knowledge on the part of new

proprietors of the true fiscal requirements involved in operating a business and the proper allocation of costs. Where capital is limited, as is often the case in a newly-established store, it would seem that most careful attention should be given to maintenance of proper records and that provision be made to check against some such standard performance as these publications provide.

This report deals with independent retail food stores. Separate figures are given for:

1. Grocery stores
2. Combination meat and grocery stores
3. Meat markets
4. Fruit and vegetable stores
5. Confectionery stores

There are analyses of:

1. profit and loss statements
2. balance sheets

Profit and loss data are shown for owned and rented stores separately, and for various sale-size categories.

Balance sheet data, which was introduced in 1948, is continued in this 1952 study. This information is presented by sales-size and kind of occupancy groups for stores with \$20,000 or more annual net sales. Where possible, a further differentiation has been made between businesses in operation less than 10 years and 10 years or more. An important change, introduced in 1950, is the segregation of fixed assets and fixed liabilities between those used in the business and those not used in the business. This makes possible a better relationship between assets used in the business and sales than was possible when all fixed assets of the proprietor were reported as one item.

This year, definitions of the ratios, presented in this bulletin, for comparison and financial statement analysis, are shown on the opposite page.

COMPARISON OF MAIN ITEMS BY TRADES

In relation to sales, the 1952 net operating profit ratios of food stores held firm when compared to 1950 operating results ratios. Grocery and combination store managements operated with a slightly lower gross profit (mark-up) but by trimming expenses, retained the same net operating profit, in relation to net sales. The opposite situation occurred in fruit and vegetable store operations; gross profits, as a relative of sales, remained the same but net operating profits showed a slight decline

from the 1950 ratio. Confectionery stores were operated with a higher mark-up, but a corresponding rise in operating expenses occurred, resulting in a net operating profit ratio identical to that of 1950. Meat markets reported an increase in the average mark-up and only a portion of this increase was absorbed by greater operating expenses. Therefore meat markets was the only kind of business which experienced a gain in net operating profits.

Average Gross and Net Profits — Historical Summary by Trades

Year	Grocery		Combination		Meat		Fruit and Vegetable		Confectionery	
	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit
(Per cent of net sales)										
1938	16.0	4.5	17.4	4.1	22.4	5.6	(Not available)			
1941	15.2	5.7	16.9	5.2	—	—				
1944	14.2	6.3	15.2	5.8	17.1	6.0	16.4	6.6	19.5	9.6
1945	14.1	6.1	14.9	5.0	16.9	6.0	16.0	6.6	20.7	10.1
1946	14.3	6.0	15.1	4.8	17.2	5.8	16.1	6.5	18.9	8.8
1948	14.0	5.7	14.6	4.4	16.6	5.5	17.5	6.5	19.1	8.5
1950	14.4	5.2	14.9	4.1	16.1	5.0	17.5	5.9	18.2	7.5
1952	13.8	5.2	14.6	4.1	17.5	6.1	17.5	5.6	18.8	7.5

Average Inventories and Stock Turnover — Historical Summary by Trades

Year	Grocery			Combination			Meat		
	Beginning Inventory	Ending Inventory	Stock turnover ¹	Beginning Inventory	Ending Inventory	Stock turnover ¹	Beginning Inventory	Ending Inventory	Stock turnover ¹
	\$	\$		\$	\$		\$	\$	
1938	2,570	2,472	9.9	2,275	2,265	13.0	732	732	31.0
1941	2,636	2,979	7.9	2,046	2,324	13.0	(Not available)		
1945	2,382	2,468	11.5	3,084	3,176	15.5	882	972	41.6
1946	2,442	2,843	11.4	3,231	3,846	14.9	1,054	1,284	37.2
1948	3,389	3,423	10.6	4,460	4,520	13.8	1,249	1,398	37.4
1950	3,528	3,906	10.9	4,453	5,141	13.9	1,130	1,305	43.4
1952	3,947	3,956	10.1	5,298	5,104	13.8	1,521	1,365	39.1
	Fruit and Vegetable					Confectionery			
	Beginning Inventory		Ending Inventory	Stock turnover ¹	Beginning Inventory		Ending Inventory	Stock turnover ¹	
	\$		\$		\$		\$		
	1,212		1,283	25.2	970		1,030	15.3	
	1,278		1,418	24.6	1,117		1,352	13.0	
	1,682		1,868	19.2	1,410		1,487	12.1	
	1,912		2,152	18.8	1,771		1,948	11.3	
	2,426		2,481	18.4	1,985		2,061	12.0	

1. Times per year.

Comparison with previous survey results indicated that both beginning and end of the year inventories increased in all five types of food retail stores. In all trades except confectionery, the increased inventories resulted in lower rates of stock turnover than were experienced in 1950.

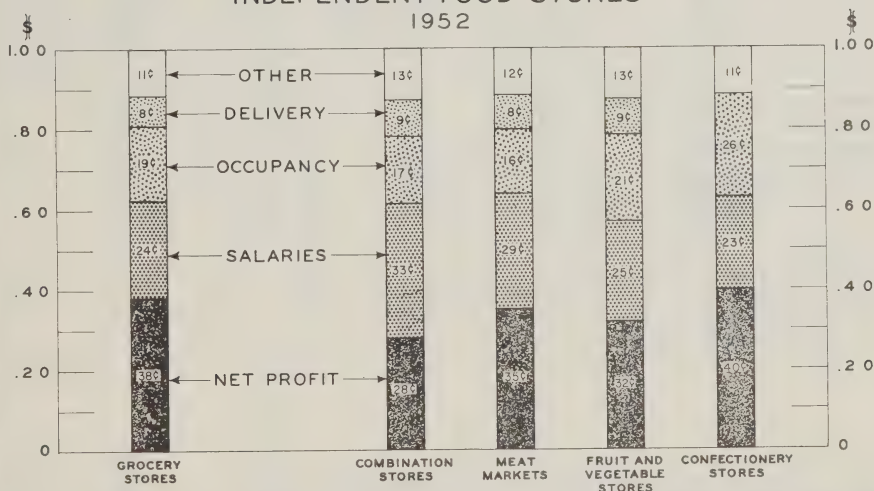
Meat markets, because they stocked the most perishable type of merchandise, continued to show the lowest inventories and the highest annual rate

of stock turnover of 39.1. Conversely, grocery stores which stocked the most stable line of goods of the five trades, maintained large inventories and experienced the slowest stock turnover of 10.1 times per year.

The average inventory figures represent dollar volume and the changes can be attributed to either price or quantity increase, or the combined effect of both.

DISPOSITION OF AVERAGE GROSS PROFIT DOLLAR INDEPENDENT FOOD STORES

1952



The chart showing the disposition of the average gross profit dollar for each of the five food trades surveyed, is a valuable standard to which firms within each specific trade might compare their results. Differences arising from such comparisons are more apparent than if percentage ratios of costs and profits to sales were used as the standard or basis of comparison. However, because the number of gross profit dollars varies considerably between trades, there is no common basis for reliable inter-trade comparisons of average gross profit dollar components. As an example, combination stores op-

erated with a larger sales' volume than did confectionery stores thereby requiring a smaller mark-up to obtain a reasonable net profit. By comparison it can be noted that combination stores retained only 28 cents of their average gross profit dollar as net profit, whereas confectionery stores retained 40 cents. There is no justification to assume from this comparison that confectionery stores realized a greater net profit than did combination stores. Inter-trade comparisons should be made with items expressed as proportions of their respective sales.

FINANCIAL STRUCTURE

Balance sheet information was introduced in the 1948 survey and continued for 1950 and again in this 1952 survey. This information is presented in the form of averages of firms in three sales-size categories and a differentiation is made between firms operated in owned or rented premises. The segregation of both fixed assets and fixed liabilities into those used in the business and not used in the business, introduced in the 1950 survey, has been continued in the 1952 results. This allows direct comparison

between 1950 and 1952, but the major criterion of this segregation was to allow the presentation of data applicable to trading operations exclusively. The ratios summarized below are therefore unbiased by non-trade factors. These ratios are compiled from the averages of firms reporting in the \$20,000 and over sales-size categories, and not the over-all trade averages. Ratio definitions appear on page six of this publication.

Balance Sheet Ratios Independent Retail Food Stores Compared as at December 31, 1952

Item	Grocery stores	Combination stores	Meat markets	Fruit and vegetable stores	Confectionery stores
(Average of firms with net sales of \$20,000 and over)					
Owned					
Current ratio	3.90	2.68	2.76	5.27	2.74
Liquidity ratio.....	1.98	1.43	2.21	3.21	1.17
Working capital to net worth.....	0.51	0.44	0.33	0.36	0.28
Worth debt ratio.....	3.36	2.31	3.12	4.76	2.49
Turnover of total capital employed	3.56	4.00	3.92	4.10	3.04
Rented					
Current Ratio.....	2.97	2.37	2.47	2.69	3.43
Liquidity ratio.....	1.36	1.22	2.00	1.36	1.77
Working capital to net worth.....	0.64	0.53	0.56	0.55	0.47
Worth debt ratio.....	2.19	1.67	2.15	2.64	2.64
Turnover of total capital employed	5.41	6.23	7.53	8.23	5.40

A current ratio of 2 to 1, that is \$2.00 of current assets for each \$1.00 of current liabilities, is generally considered a favourable credit position of a business. The most apparent difference between the current ratios of businesses operated in owned or rented premises occurred in the fruit and vegetable trade, where the "owned" showed 5.27 as opposed to 2.69 for "rented". This difference was not only due to larger average current assets in the owned category, but was accentuated by lower current liabilities for stores in this group.

The liquidity ratio, a test of credit strength of the business, showed that all five trades were in better than standard position with more than \$1.00 readily convertible assets for each \$1.00 of current liabilities. Again, marked differences occurred between trades due to their individual financial structural requirements.

A larger proportion of the capital of lessee-merchants, as compared to owner-proprietors, could be realized readily after the satisfaction of their respective current liabilities, as shown by the working capital to net worth ratios. That is, after allowing for the payment of current liabilities out of current assets, the owner-proprietor grocer had only 51 per cent of his capital in the form of current assets, whereas the lessee-grocer had 64 per cent.

The worth-debt ratio takes on its significance when there is a difference derived by comparison of the ratios for consecutive periods. A decline would indicate that the proprietor is more dependent on outside financial assistance. That is, loans by the business may produce a favourable current ratio, but this situation can be counteracted by a decline in the worth-debt ratio of that business. Because this ratio has not appeared in previous operating results bulletins, it is impossible to provide an illustration.

COMPARISON OF FINANCIAL STRUCTURE BY TRADES

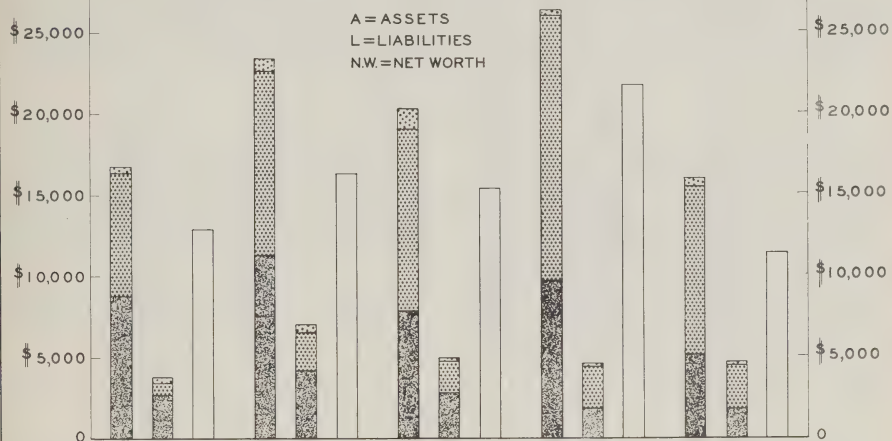
AVERAGE FINANCIAL POSITION DECEMBER 31, 1952

TOTAL ASSETS = TOTAL LIABILITIES + NET WORTH

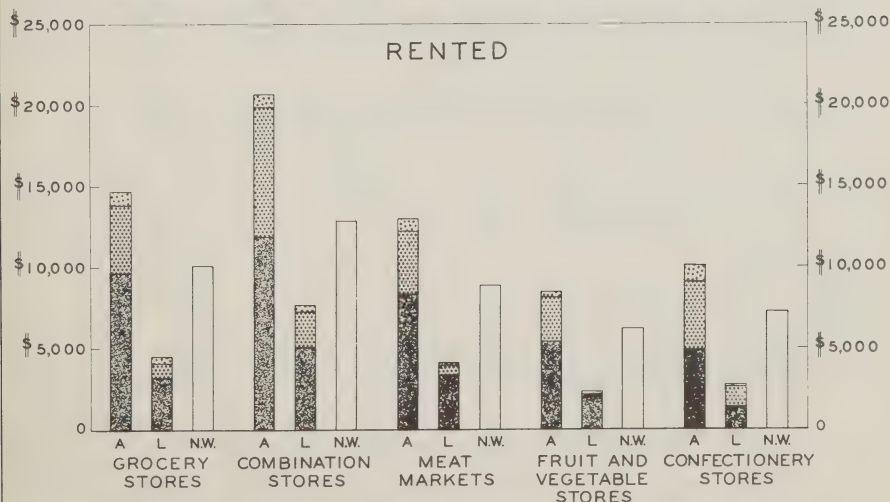
AVERAGE
FINANCIAL POSITION

AVERAGE
FINANCIAL POSITION

OWNED



RENTED



CURRENT-ASSETS
OR LIABILITIES

FIXED-ASSETS
OR LIABILITIES

OTHER-ASSETS
OR LIABILITIES

INDEPENDENT GROCERY STORES

This classification includes stores recognized by the trade as independent grocery stores. The term "independent" is used to mean non-chain or single establishment firms. Fresh meats were stocked by some, but when this item represented more than 20 per cent of annual sales, the store was classified as a combination store. After careful editing of the questionnaires returned, it was possible to use 745 reports of independent unincorporated firms in the tabulation of profit and loss averages and ratios. Results of grocery stores operated in owned or rented premises are presented separately. A further

differentiation is made within each of these categories to show results of firms within sales-size ranges.

Balance sheet results are shown, in the form of averages, for both owned and rented categories but only for those firms in the sales-size groups commencing at \$20,000. Returns from a total of 468 stores, comprised of 265 owned and 203 rented, were used to obtain the balance sheet results of grocery stores. To present this information a further segregation of results was made to show averages of firms in operation "under 10 years" and "10 years and over".

Operating Results

Although identical firm results are not used, a reasonable year-to-year comparison of operating results may be made. Because profits and expenses for each year are expressed as percentages of their respective sales, it is necessary to take into account the change in sales to make a significant interpretation of changes in ratios. As an example, if average sales increased 10 per cent from \$50,000 in 1950 to \$55,000 in 1952, and rent showed a proportionate increase from \$600 to \$660, the rent expense ratio would be identical for both years. However, if rent remained unchanged, or increased less than 10 per cent, the rent expense ratio would decline. It is therefore necessary to note the changes in net sales in order to interpret a change in ratios correctly.

The average gross profit, expressed as a percentage of average net sales, declined from 14.44 per cent in 1950 to 13.78 per cent in 1952. Operating expenses, with the exception of delivery expense,

also showed decreases which more than offset the reduction in gross profit. Consequently, the net operating profit ratios showed an increase from 5.18 per cent in 1950 to 5.24 per cent in 1952. This increase, together with greater 1952 average sales, indicates that grocers realized a larger average net operating profit when expressed in dollar value.

Generally, inventories were of slightly higher value at the end of 1952 than at the beginning of the year.

The annual rate of stock turnover ranged from 5.89 in the smaller stores to 14.10 for stores in the largest sales-size category.

Detailed information, with respect to both operating costs and financial position, is presented on the following pages.

Operating Results of Independent Grocery Stores 1950 and 1952 Compared

Item	1950	1952
Average net sales per store	\$ 47,217	50,405
Profit and Loss Data (Per cent of net sales)		
Gross profit	14.44	13.78
Operating expenses:		
Employees' salaries	3.72	3.32
Occupancy	2.82	2.58
Delivery	1.02	1.05
Store supplies	0.55	0.52
All other expenses	1.15	1.07
Total operating expenses	9.26	8.54
Net operating profit before deduction of proprietors' salaries and income tax	5.18	5.24

Balance Sheet Ratios of Independent Grocery Stores as at December 31, 1952

Ratio ¹	Owned	Rented
Current ratio	3.90	2.97
Liquidity ratio	1.98	1.36
Working capital to net worth	0.51	0.64
Worth debt ratio	3.36	2.19
Turnover of total capital employed	3.56	5.41

1. Ratio definitions are shown on page 6.

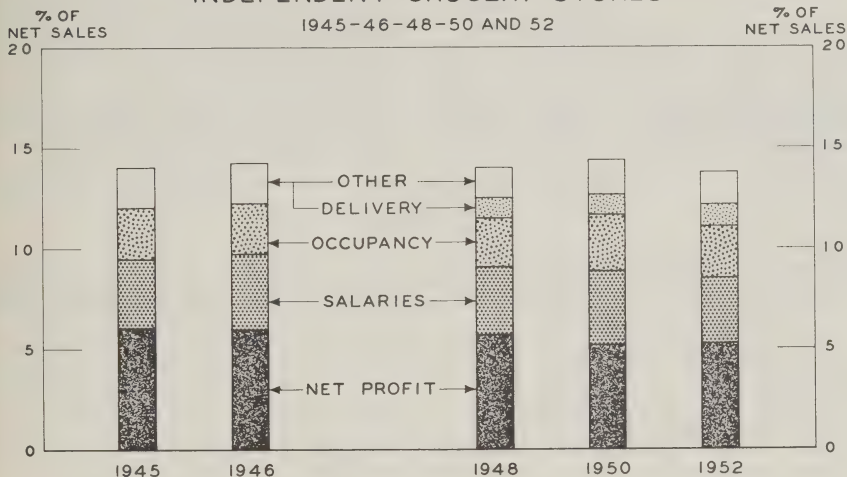
COMPOSITION OF AVERAGE GROSS PROFIT
INDEPENDENT GROCERY STORES

TABLE 1. Independent Grocery Stores — Operating Results by Annual Sales Volume and Occupancy 1952

Item	Owned stores with annual net sales of					Rented stores with annual net sales of				
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	
Number of stores reporting	22	85	191	99	29	38	134	97	44	
Average net sales per store	\$ 6,514	15,918	33,271	65,770	160,601	16,121	34,880	66,926	152,378	
Average cost of goods sold	\$ 5,078	13,631	28,843	57,128	140,003	13,453	29,956	57,359	130,742	
Average beginning inventory	\$ 852	1,753	3,062	5,001	10,683	1,748	3,005	5,230	9,100	
Average inventory, end of year	\$ 872	1,791	3,071	5,074	11,037	1,766	2,912	5,024	9,450	
Stock turnover (times per year)	5.89	7.69	9.40	11.34	12.89	7.66	10.12	11.19	14.10	
Profit and Loss Data (Per cent of net sales)										
Gross profit	22.04	14.36	13.31	13.14	12.82	16.54	14.10	14.29	14.20	
Operating expenses:										
Employees' salaries and wages (except delivery) ...	0.42	1.22	2.06	3.33	4.30	1.03	2.34	3.74	4.84	
Taxes	1.62	0.79	0.53	0.43	0.33	0.42	0.30	0.18	0.15	
Insurance	0.30	0.33	0.25	0.26	0.24	0.20	0.17	0.19	0.19	
Rent	—	—	—	—	—	2.70	1.64	1.37	1.03	
Heat, light and power	2.32	1.23	0.75	0.55	0.40	1.10	0.83	1.01	1.14	
Delivery	1.07	0.92	1.00	0.99	0.99	0.83	1.01	1.14	1.17	
Repairs and maintenance	0.38	0.44	0.31	0.31	0.30	0.29	0.25	0.18	0.19	
Depreciation allowances	0.54	0.46	0.68	0.75	0.74	0.20	0.34	0.39	0.36	
Store supplies	0.63	0.45	0.45	0.58	0.47	0.63	0.49	0.55	0.57	
Advertising	0.10	0.08	0.16	0.25	0.20	0.03	0.17	0.24	0.29	
Bad debts - written off	0.43	0.11	0.06	0.10	0.10	0.08	0.08	0.13	0.10	
(Less) amount recovered	0.06	0.01	0.01	0.01	0.01	—	0.01	0.01	0.03	
Net bad debt loss	0.37	0.10	0.05	0.09	0.09	0.08	0.07	0.12	0.07	
All other expenses	0.91	0.64	0.80	0.76	0.84	0.79	0.72	0.76	0.75	
Total operating expenses	8.66	6.66	7.05	8.30	8.90	8.30	8.13	9.27	9.91	
Net operating profit before deduction of proprietors' salaries and income tax	13.38	7.70	6.26	4.84	3.92	8.24	5.97	5.02	4.29	

TABLE 2. Independent Grocery Stores — Owned — Financial Structure by Size of Business as at December 31, 1952

Stores with annual net sales of											Total all sizes \$20,000 and over
Item	\$20,000 — \$49,999			\$50,000 — \$99,999			\$100,000 and over				
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
(average per store)											
Assets											
Current assets:											
Cash on hand and in bank	1,205	1,346	1,305	2,274	2,155	2,197	1,660	6,736	4,480	1,908	
Accounts and notes receivable (net)	647	1,032	920	2,327	2,107	2,183	4,350	5,307	4,337	1,776	
Merchandise inventory	2,691	3,225	3,070	3,892	5,485	4,928	7,642	11,855	9,983	4,356	
Other current assets	164	851	652	111	806	563	1,281	3,322	2,415	804	
Total current assets	4,707	6,454	5,947	8,604	10,532	9,871	14,933	28,220	22,315	8,844	
Fixed assets (net):											
Used in the business	5,766	4,612	4,947	8,350	6,471	7,127	9,999	11,896	11,053	6,252	
Not used in the business	1,518	1,251	1,329	1,660	662	1,011	1,468	1,996	1,761	1,273	
Total fixed assets (net)	7,284	5,863	6,276	10,010	7,133	8,138	11,467	13,892	12,814	7,525	
Other assets:											
Investments of a permanent nature	—	365	259	360	116	201	103	196	155	230	
Intangibles	191	377	323	11	69	49	144	262	209	226	
Total other assets	191	742	582	371	185	250	247	458	364	456	
Total assets	12,182	13,059	12,805	18,985	17,870	18,259	26,647	42,570	35,493	16,825	
Liabilities											
Current liabilities—accounts and notes payable	1,117	1,336	1,273	3,004	2,578	2,727	6,425	6,710	6,583	2,269	
Fixed liabilities—mortgages on fixed assets:											
Used in the business	1,377	423	700	1,995	880	1,269	2,338	2,385	2,364	1,048	
Not used in the business	336	182	227	224	19	67	407	256	187	187	
Other liabilities	241	230	233	708	348	474	725	712	718	358	
Total liabilities	3,071	2,171	2,433	5,931	3,825	4,561	9,555	10,214	9,921	3,862	
Net worth—proprietor's or partners' equity in the business	9,111	10,888	10,372	13,054	14,045	13,698	17,092	32,356	25,572	12,963	
Total liabilities and net worth	12,182	13,059	12,805	18,985	17,870	18,259	26,647	42,570	35,493	16,825	
Number of stores reporting	45	110	155	29	54	83	12	15	27	265	
Average net sales or stores reporting	30,659	33,805	32,892	65,236	65,888	65,660	131,906	168,766	152,384	55,330	

TABLE 3. Independent Grocery Stores — Rented — Financial Structure by Size of Business as at December 31, 1952

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000 — \$49,999			\$50,000 — \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
	(average per store)									
Assets										
Current assets:										
Cash on hand and in bank	696	1,028	916	1,627	2,580	2,133	3,387	3,437	3,415	1,906
Accounts and notes receivable (net)	809	1,199	1,067	1,344	2,550	1,998	4,180	4,071	4,120	2,049
Merchandise inventory	3,199	3,129	3,152	4,980	5,256	5,130	8,536	10,616	9,680	5,247
Other current assets	13	604	405	18	1,201	659	100	384	256	480
Total current assets	4,717	5,960	5,540	7,969	11,567	9,920	16,203	18,508	17,471	9,682
Fixed assets (net):										
Used in the business	2,172	1,287	1,585	2,626	2,981	2,818	5,180	5,646	5,436	2,848
Not used in the business	1,499	1,969	1,811	967	2,011	1,534	303	110	197	1,379
Total fixed assets (net)	3,671	3,256	3,396	3,593	4,992	4,352	5,483	5,756	5,633	4,227
Other assets:										
Investments of a permanent nature	—	209	138	—	80	43	107	499	322	136
Intangibles	175	257	230	1,086	271	644	3,465	43	1,583	665
Total other assets	175	466	368	1,086	351	687	3,572	542	1,905	801
Total assets	8,563	9,682	9,304	12,648	16,910	14,959	25,258	24,806	25,009	14,710
Liabilities										
Current liabilities—accounts and notes payable										
Fixed liabilities—mortgages on fixed assets:	1,638	1,274	1,397	2,912	2,466	2,670	8,480	8,034	8,234	3,264
Used in the business	302	115	178	265	285	276	2,172	101	1,033	387
Not used in the business	519	706	643	570	634	604	—	34	19	504
Other liabilities	382	90	188	305	543	435	1,207	872	1,023	453
Total liabilities	2,841	2,185	2,406	4,052	3,928	3,985	11,859	9,041	10,309	4,608
Net worth—proprietor's or partners' equity in the business										
Total liabilities and net worth	5,722	7,497	6,898	8,596	12,982	10,974	13,399	15,765	14,700	10,102
Number of stores reporting	27	53	80	38	45	83	18	22	40	203
Average net sales of stores reporting	36,664	34,679	35,349	69,579	65,762	67,510	142,397	165,980	155,367	72,147

INDEPENDENT COMBINATION STORES

This classification includes stores recognized by the trade as independent combination stores. The term "independent" is used to mean non-chain or single establishment firms. Both fresh meats and groceries were sold by stores in this classification and of these two commodity groups the smaller was not less than 20 per cent of annual sales. Profit and loss statements from 723 such stores were used in the tabulation of profit and loss averages and ratios. Results of combination stores operated in owned or rented premises are presented separately. A further differentiation is made within each of these

categories to show results of firms within sales-size ranges.

Balance sheet information was tabulated from results submitted by 561 combination stores. Of these, 324 conducted operations in owned premises and 237 in rented premises. Results are shown separately for each of these groups as well as by annual sales-size ranges commencing at \$20,000. A further segregation of results was made to present balance sheet information for firms in operation "under 10 years" and "10 years and over".

Operating Results

Although identical firm results are not used, a reasonable year-to-year comparison of operating results may be made. Because profits and expenses for each year are expressed as percentages of their respective sales, it is necessary to take into account the change in sales to make a significant interpretation of changes in ratios. As an example, if average sales increased 10 per cent from \$50,000 in 1950 to \$55,000 in 1952, and rent showed a proportionate increase from \$600 to \$660, the rent expense ratio would be identical for both years. However, if rent remained unchanged or increased less than 10 per cent, the rent expense ratio would decline. It is therefore necessary to note the changes in net sales in order to interpret a change in ratios correctly.

The average gross profit, expressed as a percentage of average net sales, declined from 14.88 per cent in 1950 to 14.57 per cent in 1952. Total operating expenses showed a slightly greater net

decline which resulted in a very slight increase in the net operating profit ratio. This increase, together with greater 1952 average sales, indicates that combination stores realized a larger net operating profit when expressed in absolute dollars.

In total, inventories were slightly higher in value at the end of 1952 than at the beginning of the year. However, in five of the eight sales-size classifications, slight declines occurred.

The average annual rate of stock turnover ranged from 8.68 in the smaller stores to 14.92 for stores in the largest sales-size category.

Detailed information with respect to both annual operating costs and financial position as at December 31, 1952, is presented in the following chart and tables.

Operating Results of Independent Combination Stores 1950 and 1952 Compared

Item	1950	1952
Average net sales per store	\$ 78,079	84,326
Profit and Loss Data (Per cent of net sales)		
Gross profit.....	14.88	14.57
Operating expenses:		
Employees' salaries	5.26	4.88
Occupancy	2.61	2.44
Delivery	1.25	1.32
Store supplies	0.61	0.63
All other expenses	1.10	1.21
Total operating expenses	10.83	10.48
Net operating profit before deduction of proprietors' salaries and income tax	4.05	4.09

Balance Sheet Ratios of Independent Combination Stores as at December 31, 1952

Ratio ¹	Owned	Rented
Current ratio	2.68	2.37
Liquidity ratio	1.43	1.22
Working capital to net worth	0.44	0.53
Worth debt ratio	2.31	1.67
Turnover of total capital employed	4.00	6.23

1. Ratio definitions are shown on page 6.

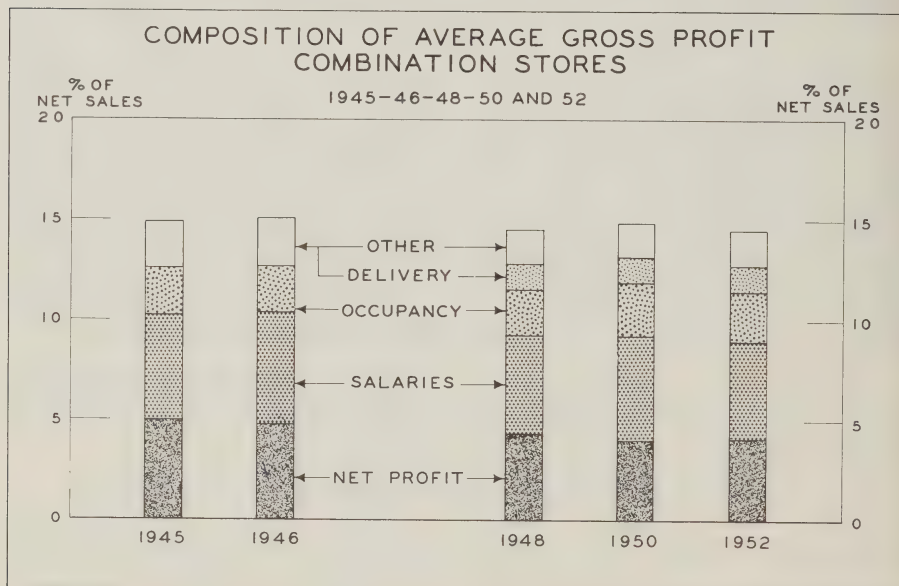


TABLE 4. Independent Combination Stores — Operating Results by Annual Sales Volume and Occupancy 1952

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Number of stores reporting	31	140	144	92	13	72	114	110
Average net sales per store	\$ 16,370	34,197	75,536	163,601	16,194	36,746	73,218	168,014
Average cost of goods sold	\$ 13,908	29,353	64,920	140,285	13,570	31,253	62,182	142,941
Average beginning inventory	\$ 1,519	2,832	4,849	9,805	1,576	2,184	4,252	10,165
Average inventory, end of year	\$ 1,545	2,620	4,765	9,917	1,552	2,166	4,328	9,109
Stock turnover (times per year)	9.08	10.77	13.50	14.23	8.68	14.37	14.49	14.83

TABLE 4. Independent Combination Stores — Operating Results by Annual Sales Volume and Occupancy 1952 — Concluded

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over
Profit and Loss Data (Per cent of net sales)								
Gross profit	15.04	14.16	14.05	14.25	16.20	14.96	13.07	14.92
Operating expenses:								
Employees' salaries and wages (except delivery)	0.77	2.70	4.27	5.35	2.17	2.88	4.72	5.93
Taxes	0.86	0.54	0.48	0.27	0.56	0.27	0.23	0.15
Insurance	0.36	0.34	0.28	0.27	0.30	0.18	0.24	0.25
Rent	—	—	—	—	3.26	1.77	1.10	0.83
Heat, light and power	1.56	0.81	0.54	0.41	1.10	0.67	0.47	0.30
Delivery	0.90	1.45	1.32	1.12	1.16	1.25	1.36	1.47
Repairs and maintenance	0.37	0.41	0.38	0.35	0.31	0.29	0.29	0.28
Depreciation allowances	1.20	1.02	0.70	0.64	0.25	0.44	0.47	0.47
Store supplies	0.56	0.64	0.50	0.63	0.62	0.72	0.69	0.67
Advertising	0.06	0.12	0.22	0.29	0.08	0.11	0.20	0.28
Bad debts-written off	0.19	0.26	0.17	0.17	0.13	0.05	0.07	0.07
(Less) amount recovered	0.09	0.18	0.02	0.01	—	—	0.01	0.01
Net bad debt loss	0.10	0.08	0.15	0.16	0.13	0.05	0.06	0.06
All other expenses	0.82	0.89	0.85	0.85	1.18	0.77	0.81	0.92
Total operating expenses	7.56	9.00	9.69	10.34	11.12	9.40	10.64	11.61
Net operating profit before deduction of proprietors' salaries and income tax	7.48	5.16	4.36	3.91	5.08	5.56	4.43	3.31

TABLE 5. Independent Combination Stores — Owned — Financial Structure by Size of Business as at December 31, 1952

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000 — \$49,999			\$50,000 — \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(average per store)										
Assets										
Current assets:										
Cash on hand and in bank	877	1,367	1,185	1,378	2,636	2,230	2,489	3,379	3,093	2,099
Accounts and notes receivable (net)	1,059	904	961	2,373	2,632	2,548	6,723	5,523	5,909	2,881
Merchandise inventory	3,083	2,477	2,703	4,723	4,735	4,731	9,917	9,528	9,653	5,319
Other current assets	424	482	460	476	1,420	1,115	435	2,319	1,713	1,047
Total current assets	5,443	5,230	5,309	8,950	11,423	10,624	19,564	20,749	20,368	11,346
Fixed assets (net):										
Used in the business	7,369	5,792	6,380	9,272	7,583	8,129	18,240	11,353	13,567	8,945
Not used in the business	3,066	2,200	2,522	1,808	1,151	1,363	3,436	3,872	7,372	2,371
Total fixed assets (net)	10,435	7,992	8,902	11,080	8,734	9,492	21,676	15,225	17,299	11,316
Other assets:										
Investments of a permanent nature	—	334	209	76	196	157	928	1,011	985	390
Intangibles	97	89	93	408	331	356	743	889	842	392
Total other assets	97	423	302	484	527	513	1,671	1,900	1,827	782
Total assets	15,975	13,645	14,513	20,514	20,694	20,629	42,911	37,874	39,494	23,444
Liabilities										
Current liabilities—accounts and notes payable	1,878	1,250	1,484	3,062	3,352	3,258	10,452	8,782	9,319	4,227
Fixed liabilities—mortgages on fixed assets:										
Used in the business	1,745	636	1,049	2,966	1,401	1,906	6,988	1,767	3,445	2,014
Not used in the business	448	307	360	438	119	222	739	418	521	347
Other liabilities	169	68	105	591	550	564	1,896	447	913	498
Total liabilities	4,240	2,261	2,998	7,057	5,422	5,960	20,075	11,414	14,198	7,086
Net worth—proprietor's or partners' equity in the business	11,735	11,384	11,515	13,457	15,262	14,679	22,836	26,460	25,296	16,358
Total liabilities and net worth	15,975	13,645	14,513	20,514	20,694	20,629	42,911	37,874	39,494	23,444
Number of stores reporting	41	69	110	42	88	130	27	57	84	324
Average net sales of stores reporting	37,164	32,606	34,305	72,020	76,306	74,921	193,693	150,701	164,520	84,361

TABLE 6. Independent Combination Stores — Rented — Financial Structure by Size of Business as at December 31, 1952

Item	Stores with annual net sales of									Total all Sizes \$20,000 and over
	\$20,000 — \$49,999			\$50,000 — \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(average per store)										
Assets										
Current assets:										
Cash on hand and in bank	1,142	1,598	1,450	1,910	2,209	2,074	3,394	3,044	3,195	2,394
Accounts and notes receivables (net)	871	698	755	2,012	2,322	2,162	4,759	5,072	4,937	2,931
Merchandise inventory	2,130	2,261	2,218	3,951	4,579	4,296	9,844	8,565	9,117	5,799
Other current assets	118	345	270	122	614	352	345	2,095	1,340	747
Total current assets	4,261	4,902	4,693	7,995	9,724	8,944	18,342	18,776	18,589	11,931
Fixed assets (net):										
Used in the business	1,744	2,036	1,941	3,623	3,053	3,311	6,413	5,620	5,962	4,090
Not used in the business	2,127	1,640	1,799	2,932	4,922	4,023	3,735	5,531	4,756	3,858
Total fixed assets (net)	3,871	3,676	3,740	6,555	7,975	7,334	10,148	11,151	10,718	7,948
Other assets:										
Investments of a permanent nature	532	300	376	19	309	178	214	1,301	832	480
Intangibles	283	15	102	245	483	375	457	457	457	352
Total other assets	815	315	478	264	792	553	671	1,758	1,289	832
Total assets	8,947	8,893	8,911	14,814	18,491	16,831	29,161	31,685	30,596	20,711
Liabilities										
Current liabilities—accounts and notes payable										
Fixed liabilities—mortgages on fixed assets:	1,209	986	1,059	3,018	3,795	3,444	9,278	8,137	8,630	5,029
Used in the business	828	109	344	1,280	364	778	2,294	868	1,483	971
Not used in the business	6	45	32	1,531	2,299	1,952	545	1,966	1,353	1,315
Other liabilities	358	124	200	363	161	252	1,240	429	779	453
Total liabilities	2,401	1,264	1,635	6,192	6,619	6,426	13,357	11,400	12,245	7,768
Net worth—proprietor's or partners' equity in the business										
	6,546	7,629	7,276	8,622	11,872	10,405	15,804	20,285	18,351	12,943
Total liabilities and net worth	8,947	8,893	8,911	14,814	18,491	16,831	29,161	31,685	30,596	20,711
Number of stores reporting										
	16	33	49	42	51	93	41	54	95	237
Average net sales of stores reporting	38,370	34,161	35,535	72,011	74,750	73,513	170,531	172,505	171,653	105,000

INDEPENDENT MEAT MARKETS

This classification includes stores recognized by the trade as independent meat markets. The term "independent" is used to mean non-chain or single establishment firms. Fresh meats with related lines of poultry, fish and dairy products were sold by stores in this classification. If groceries formed more than 20 per cent of annual sales, the business was classified as a combination store.

The results of 227 unincorporated meat markets, comprised to 102 operated by owner-proprietors and 125 by lessee-proprietors, were used in the tabulation of operating results for this trade. Tabulations

are presented separately for each of these groups and within each group a further detailed presentation is shown for typical sales-size ranges.

Balance sheet information was tabulated from results submitted by 166 meat markets. Of these, 76 conducted operations in owned premises and 90 in rented premises. Results are shown separately for each of these groups as well as by annual sales-size ranges commencing at \$20,000. A further segregation of results was made to present balance sheet information for firms in operation "under 10 years" and "10 years and over".

Operating Results

Although identical firm results are not used, a reasonable year-to-year comparison of operating results may be made. Because profits and expenses for each year are expressed as percentages of their respective sales, it is necessary to take into account the change in sales to make a significant in-

terpretation of changes in ratios. As an example, if average sales increased 10 per cent from \$50,000 in 1950 to \$55,000 in 1952, and rent showed a proportionate increase from \$600 to \$660, the rent expense ratio would be identical for both years. However, if rent remained unchanged or increased less than 10

per cent, the rent expense ratio would decline. It is therefore necessary to note the changes in net sales in order to interpret a change in ratios correctly.

The average gross profit, expressed as a percentage of average net sales, increased from 16.08 per cent in 1950 to 17.54 per cent in 1952. Total operating expenses also increased, but this was a smaller increase than occurred in the gross profit, with the result that net operating profit increased from 5.02 per cent to 6.14 per cent. This increase, together with greater 1952 average sales, indicates that meat markets realized a greater net operating profit when expressed in absolute dollars.

In total, inventories were slightly lower in value at the end of 1952 than at the beginning of the year.

However, this trend was common only to those stores in the large sales-size categories. Slight increases in inventory values were reported by stores in the smaller sales-size categories.

The average annual rate of stock turnover ranged from 18.77 in the smaller stores to 48.41 in the larger sales-size categories. A widespread range such as this is to be expected in this trade where the perishable goods are stocked in comparatively smaller quantities.

Detailed information with respect to both annual operating costs and financial position as at December 31, 1952 is presented in the following chart and tables:

Operating Results of Independent Meat Markets 1950 and 1952 Compared

Item	1950	1952
Average net sales per store	\$ 62,931	68,402
Profit and Loss Data (Per cent of net sales)		
Gross profit	16.08	17.54
Operating expenses:		
Employees' salaries	5.13	5.09
Occupancy	2.69	2.79
Delivery	1.24	1.48
Store supplies	0.79	0.80
All other expenses	1.21	1.24
Total operating expenses	11.06	11.40
Net operating profit before deduction of proprietors' salaries or income tax	5.02	6.14

Balance Sheet Ratios of Independent Meat Markets as at December 31, 1952

Ratio ¹	Owned	Rented
Current ratio	2.76	2.47
Liquidity ratio	2.21	2.00
Working capital to net worth	0.33	0.56
Worth debt ratio	3.12	2.15
Turnover of total capital employed	3.92	7.53

1. Ratio definitions are shown on page 6.

COMPOSITION OF AVERAGE GROSS PROFIT MEAT MARKETS

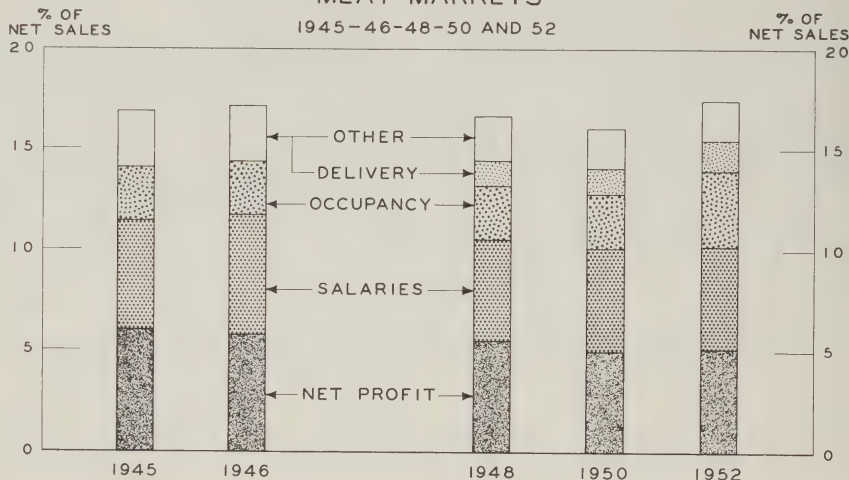


TABLE 7. Independent Meat Markets — Operating Results by Annual Sales Volume and Occupancy 1952

	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	
Number of stores reporting	12	39	34	15	45	44	30	
Average net sales per store	\$ 16,134	\$ 33,959	\$ 71,764	\$ 147,179	\$ 32,702	\$ 66,612	\$ 161,677	
Average cost of goods sold	\$ 12,700	\$ 27,755	\$ 58,342	\$ 120,918	\$ 26,610	\$ 55,221	\$ 135,193	
Average beginning inventory	\$ 657	\$ 1,028	\$ 1,871	\$ 2,945	\$ 596	\$ 1,284	\$ 3,367	
Average inventory, end of year	696	1,030	1,897	2,050	612	1,132	2,807	
Stock turnover (times per year)	18.77	28.96	30.96	46.41	44.02	45.73	43.79	
Profit and Loss Data								
(per cent of net sales)								
Gross profit	21.28	18.27	18.70	17.84	18.63	17.10	16.38	
Operating expenses:								
Employees' salaries and wages (except delivery)	2.28	3.83	5.42	7.07	3.05	4.50	5.48	
Taxes	0.58	0.45	0.41	0.33	0.22	0.16	0.16	
Insurance	0.42	0.29	0.27	0.26	0.20	0.18	0.19	
Rent	1.22	0.90	0.62	0.44	1.55	1.33	0.87	
Heat, light and power	2.51	1.76	1.32	1.38	1.50	1.45	1.48	
Delivery	0.85	0.66	0.53	0.50	0.34	0.26	0.40	
Repairs and maintenance	1.26	1.02	1.05	0.78	0.64	0.49	0.44	
Depreciation allowances	0.61	0.32	0.31	0.32	0.32	0.64	0.82	
Store supplies	0.10	0.20	0.20	0.17	0.12	0.13	0.14	
Advertising	—	0.05	0.23	0.01	0.11	0.15	0.04	
Bad debts - written off	—	0.01	0.01	—	—	0.03	0.01	
(Less) amount recovered	—	0.04	0.22	0.01	0.11	0.12	0.03	
Net bad debt loss	—	—	—	—	—	—	—	
All other expenses	1.33	1.07	1.15	1.18	1.00	0.97	0.84	
Total operating expenses	11.16	11.04	12.11	12.94	10.24	10.74	11.16	
Net operating profit before deduction of proprietors' salaries and income tax	10.12	7.23	6.59	4.90	8.39	6.36	5.22	

TABLE 8. Independent Meat Markets — Owned — Financial Structure by Size of Business as at December 31, 1952

Item	Stores with annual net sales of							Total all sizes \$20,000 and over
	\$20,000 — \$49,999			\$50,000 — \$99,999			\$100,000 and over	
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Total	
(average per store)								
Assets								
Current assets:								
Cash on hand and in bank.....	1,681	1,087	1,217	2,930	5,380	4,482	5,113	3,224
Accounts and notes receivable (net).....	1,426	1,102	1,173	3,243	2,587	2,828	3,623	2,277
Merchandise inventory.....	635	1,180	1,061	1,615	2,155	1,957	2,036	1,594
Other current assets.....	471	348	374	337	1,634	1,158	1,120	821
Total current assets.....	4,213	3,717	3,825	8,125	11,756	10,425	11,892	7,916
Fixed assets (net):								
Used in the business.....	7,910	4,893	5,553	15,034	7,159	10,047	11,251	8,377
Not used in the business.....	301	2,256	1,829	4,547	2,670	3,358	3,626	2,763
Total fixed assets (net).....	8,211	7,149	7,382	19,581	9,829	13,405	14,877	11,140
Other assets:								
Investments of a permanent nature.....	—	229	179	—	409	259	3,327	790
Intangibles.....	51	253	209	245	1,270	894	46	450
Total other assets.....	51	482	388	245	1,679	1,153	3,373	1,240
Total assets.....	12,475	11,348	11,595	27,951	23,264	24,983	30,142	20,296
Liabilities								
Current liabilities—accounts and notes payable.....	2,479	1,977	2,087	5,767	2,317	3,582	3,097	2,863
Fixed liabilities—mortgages on fixed assets:								
Used in the business.....	2,511	754	1,139	3,963	1,070	2,131	1,163	1,535
Not used in the business.....	—	290	227	1,678	—	615	223	379
Other liabilities.....	88	223	193	359	21	145	63	150
Total liabilities.....	5,078	3,244	3,646	11,767	3,408	6,473	4,546	4,927
Net worth—proprietor's or partners' equity in the business.....	7,397	8,104	7,949	16,184	19,856	18,510	25,596	15,369
Total liabilities and net worth.....	12,475	11,348	11,595	27,951	23,264	24,983	30,142	20,296
Number of stores reporting.....	7	25	32	11	19	30	14	76
Average net sales of stores reporting.....	31,902	33,520	33,166	73,558	68,786	70,536	146,185	68,736

TABLE 9. Independent Meat Markets — Rented — Financial Structure by Size of Business as at December 31, 1952

Item	Stores with annual net sales									Total all sizes \$20,000 and over
	\$20,000 — \$49,999			\$50,000 — \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(average per store)										
Assets										
Current assets:										
Cash on hand and in bank.....	1,512	1,753	1,627	1,548	3,104	2,621	4,124	6,024	5,142	3,218
Accounts and notes receivable (net).....	1,337	1,035	1,193	1,785	1,823	1,811	3,640	4,340	4,015	2,405
Merchandise inventory.....	637	1,048	834	1,091	988	1,026	3,446	2,300	2,832	1,603
Other current assets.....	612	2,329	1,433	9	192	136	810	2,702	1,824	1,099
Total current assets.....	4,098	6,165	5,087	4,433	6,117	5,594	12,020	15,366	13,813	8,325
Fixed assets (net):										
Used in the business.....	3,192	1,060	2,173	4,272	1,513	2,370	6,068	4,628	5,297	3,337
Not used in the business.....	166	1,563	834	825	633	692	—	503	269	585
Total fixed assets (net).....	3,358	2,623	3,007	5,097	2,146	3,062	6,068	5,131	5,566	3,922
Other assets:										
Investments of a permanent nature.....	—	—	—	—	—	—	1,575	844	295	—
Intangibles.....	27	—	14	24	474	335	1,644	680	1,127	520
Total other assets.....	27	—	14	24	474	335	1,644	2,255	1,971	815
Total assets.....	7,483	8,788	8,108	9,554	8,737	8,991	19,732	22,752	21,350	13,062
Liabilities										
Current liabilities—accounts and notes payable.....	2,162	816	1,518	3,695	1,554	2,218	5,345	6,698	6,070	3,365
Fixed liabilities—mortgages on fixed assets:										
Used in the business.....	54	—	28	1,756	100	614	1,420	73	699	475
Not used in the business.....	—	675	323	—	290	138	—	—	—	143
Other liabilities.....	98	158	127	444	—	138	459	—	212	161
Total liabilities.....	2,314	1,649	1,996	5,895	1,854	3,108	7,224	6,771	6,981	4,144
Net worth—proprietor's or partners' equity in the business.....	5,169	7,139	6,112	3,659	6,883	5,883	12,508	15,981	14,369	8,918
Total liabilities and net worth.....	7,483	8,788	8,108	9,554	8,737	8,991	19,732	22,752	21,350	13,062
Number of stores reporting.....	12	11	23	9	20	23	13	15	28	80
Average net sales of stores reporting.....	38,489	35,813	37,209	78,612	65,410	69,507	146,629	182,278	165,727	93,898

INDEPENDENT FRUIT AND VEGETABLE STORES

This classification includes stores recognized by the trade as independent fruit and vegetable stores. The term "independent" is used to mean non-chain or single establishment firms. The sales of these stores were comprised of not only fresh fruits and vegetables, but also additional commodities such as groceries, tobacco and confectionery. However, if a store which specialized in the sale of fresh fruits and vegetables sold 50% or more of these additional commodities, it was omitted from the results appearing in this bulletin. Profit and loss statements from 137 fruit and vegetable stores were used in the compilation of profit and loss averages and ratios. These results are presented for stores operating in owned or rented premises. A further

differentiation is made within each of these categories to show results of firms within sales-size ranges.

Balance sheet information was tabulated from results submitted by 79 fruit and vegetable stores. Of these, 25 conducted operations in owned premises and 54 in rented premises. Results are shown separately for each of these groups, as well as by annual sales-size ranges commencing at \$20,000. There was insufficient response from firms in this trade to allow the additional segregation of balance sheet results for firms in operation "under 10 years" and "10 years and over".

Operating Results

Although identical firm results are not used, a reasonable year-to-year comparison of operating results may be made. Because profits and expenses for each year are expressed as percentages of their respective sales, it is necessary to take into account the change in sales to make a significant interpretation of changes in ratios. As an example, if average sales increased 10 per cent from \$50,000 in 1950 to \$55,000 in 1952, and rent showed a proportionate increase from \$600 to \$660, the rent expense ratio would be identical for both years. However, if rent remained unchanged or increased less than 10 per cent, the rent expense ratio would decline. It is therefore necessary to note the changes in net sales in order to interpret a change in ratios correctly.

smaller net operating profit when expressed in absolute dollars.

In total, inventories were of slightly higher value at the end of 1952 than at the beginning of the year. However, this trend was common only to the stores in the owned premises category.

The average annual rate of stock turnover varied inversely with sales-size. This condition is the reverse of the results obtained for other trades and is due to the differences in the proportion of fresh fruits and vegetables stocked. That is, the sales of the stores in the smaller sales-size categories are comprised almost entirely of fruit and vegetables, whereas the stores in the larger sales-size categories sell a higher proportion of groceries and other comparatively non-perishable commodities. Consequently, the inventories of the smaller stores, comprised largely of perishable commodities, would be comparatively smaller. This condition would produce a larger stock turnover ratio.

Detailed information with respect to both annual operating costs and financial position as at December 31, 1952 is presented in the following chart and tables:

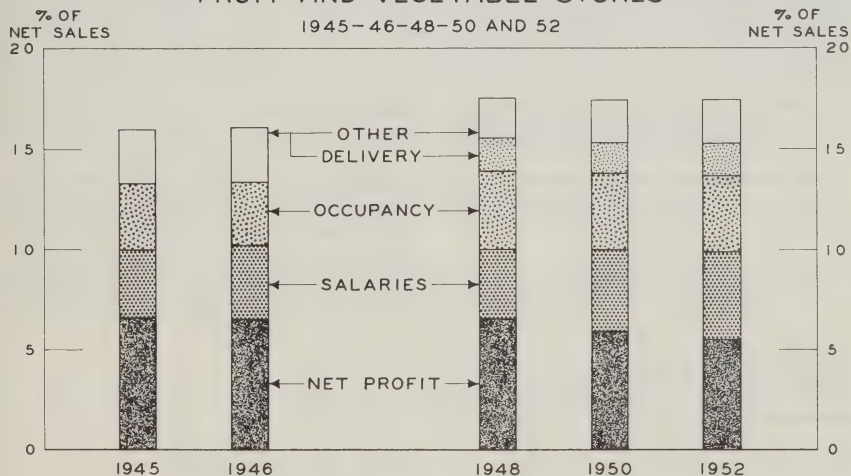
Operating Results of Independent Fruit and Vegetable Stores 1950 and 1952 Compared

Item	1950	1952
Average net sales per stores	\$ 46,225	54,768
Profit and Loss Data (Per cent of net sales)		
Gross profit	17.48	17.48
Operating expenses:		
Employees' salaries	4.12	4.41
Occupancy	3.82	3.78
Delivery	1.53	1.54
Store supplies	1.11	1.15
All other expenses	1.00	1.05
Total operating expenses	11.58	11.93
Net operating profit before deduction of proprietors' salaries and income tax	5.90	5.55

Balance Sheet Ratios of Independent Fruit and Vegetable Stores as at December 31, 1952

Ratio ¹	Owned	Rented
Current ratio	5.27	2.69
Liquidity ratio	3.21	1.36
Working capital to net worth	0.36	0.55
Worth debt ratio	4.76	2.64
Turnover of total capital employed	4.10	8.23

1. Ratio definitions are shown on page 6.

COMPOSITION OF AVERAGE GROSS PROFIT
FRUIT AND VEGETABLE STORES

Independent Fruit and Vegetable Stores, Operating Profits and Expenses, Historical Summary

	Gross Profit	Expenses				Net Operating Profit
		Salaries	Occupancy	Delivery	Other	
		(per cent of net sales)				
1945	16.00	3.40	3.30	1	2.70	6.60
1946	16.10	3.70	3.20	1	2.70	6.50
1948	17.51	3.48	3.85	1.63	2.05	6.50
1950	17.48	4.12	3.82	1.53	2.11	5.90
1952	17.48	4.41	3.78	1.54	2.20	5.55

1. Not segregated; included in "Other".

TABLE 10. Independent Fruit and Vegetable Stores Operating Results by Annual Sales Volume and Occupancy 1952

Item	Owned stores with annual net sales of			Rented stores with annual net sales of		
	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999
Number of stores reporting	10	17	10	10	35	44
Average net sales per store	\$ 14,817	\$ 34,482	\$ 75,847	\$ 15,495	\$ 33,838	\$ 70,161
Average cost of goods sold	\$ 11,857	\$ 28,498	\$ 64,435	\$ 12,173	\$ 27,387	\$ 57,750
Average beginning inventory	\$ 536	\$ 1,772	\$ 3,525	\$ 572	\$ 1,694	\$ 3,159
Average inventory, end of year	\$ 562	\$ 1,838	\$ 3,722	\$ 488	\$ 1,677	\$ 3,125
Stock turnover (times per year)	21.60	15.79	17.78	22.97	16.25	18.38
Profit and Loss Data (Per cent of net sales)						
Gross profit	19.97	17.36	15.04	21.43	19.07	17.68
Operating expenses:						
Employees' salaries and wages (except delivery)	2.05	3.48	3.79	1.76	3.65	4.48
Taxes	2.09	1.04	0.42	0.56	0.27	0.23
Insurance	0.55	0.37	0.14	0.14	0.23	0.25
Rent	—	—	—	4.44	3.33	2.43
Heat, light and power	1.43	0.96	0.50	1.14	0.68	0.54
Delivery	1.59	1.70	1.02	1.78	1.22	1.58
Repairs and maintenance	0.46	0.41	0.18	0.04	0.24	0.25
Depreciation allowances	0.86	0.86	0.56	0.09	0.40	0.34
Store supplies	1.51	1.16	1.58	0.57	1.15	1.13
Advertising	0.01	0.11	0.10	0.10	0.15	0.13
Bad debts-written off	0.14	0.04	0.04	0.25	0.03	0.04
(Less) amount recovered	—	—	—	—	—	—
Net bad debt loss	0.14	0.04	0.04	0.25	0.03	0.04
All other expenses	1.53	0.78	0.85	0.47	0.91	0.94
Total operating expenses	12.22	10.91	9.28	11.34	12.26	12.34
Net operating profit before deduction of proprietors' salaries and income tax	7.75	6.45	5.76	10.09	6.81	5.34

TABLE 11. Independent Fruit and Vegetable Stores Financial Structure by Size of Business and Occupancy, as at December 31, 1952

Item	Owned stores with annual net sales of		Total all sizes \$20,000 and over	Rented stores with annual net sales of			Total all sizes \$20,000 and over
	\$20,000 to \$49,999	\$50,000 to \$99,999		\$20,000 to \$49,999	\$50,000 to \$99,999	\$100,000 and over	
Assets							
(Average per store)							
Current assets:							
Cash on hand and in bank	4,199	2,317	3,126	912	1,953	4,329	1,876
Accounts and notes receivable (net)	487	396	1,256	782	1,387	1,387	634
Merchandise inventory	2,309	3,502	3,790	1,583	3,201	4,016	2,707
Other current assets	1,473	1,886	1,536	67	464	14	259
Total current assets	8,468	8,101	9,708	2,732	6,400	9,746	5,476
Fixed assets (net):							
Used in the business	10,464	8,223	9,429	1,175	2,267	3,042	1,963
Not used in the business	11,659	5,214	6,913	365	1,302	—	786
Total fixed assets (net)	22,123	13,437	16,342	1,540	3,569	3,042	2,749
Other assets:							
Investments of a permanent nature	—	385	200	312	49	678	228
Intangibles	—	11	110	28	51	757	134
Total other assets	—	396	310	340	100	1,435	362
Total assets	30,591	21,934	26,360	4,612	10,069	14,223	8,587
Liabilities							
Current liabilities — accounts and notes payable	963	1,992	1,841	704	2,447	4,272	2,039
Fixed liabilities — mortgages on fixed assets:							
Used in the business	706	1,445	977	—	225	—	112
Not used in the business	3,869	672	1,588	—	—	—	—
Other liabilities	—	327	170	195	263	17	206
Total liabilities	5,538	4,436	4,576	899	2,935	4,289	2,357
Net worth — proprietor's or partners' equity in the business	25,053	17,498	21,784	3,713	7,134	9,934	6,230
Total liabilities and net worth	30,591	21,934	26,360	4,612	10,069	14,223	8,587
Number of stores reporting	8	13	25	20	27	7	54
Average net sales of stores reporting	42,200	75,716	79,744	33,543	69,782	130,323	64,208

INDEPENDENT CONFECTIONERY STORES

This classification includes stores recognized by the trade as independent confectionery stores. The term "independent" is used to mean non-chain or single establishment firms. The primary commodities sold by firms in this classification were candy and confectionery, soft drinks, tobacco, ice cream, fruits, newspapers and magazines. Light lunches in some instances also formed part of the sales, but results of firms in which this item exceeded 50 per cent of the sales were not used in the tabulations.

Profit and loss statements of 185 independent confectionery stores were used in the tabulation of

profit and loss averages and ratios. Results of stores operated in owned or rented premises are shown separately. A further differentiation is made within each of these categories to show results of firms within typical sales-size ranges.

Balance sheet information, suitable for tabulation, was submitted by 76 confectionery stores most of which were in the \$20,000 to \$49,999 annual sales range category. Therefore, the detailed information for firms in business "under 10 years" and "10 years and over" is presented for this sales-size classification only.

Operating Results

Although identical firm results are not used, a reasonable year-to-year comparison of operating results may be made. Because profits and expenses for each year are expressed as percentages of their respective sales, it is necessary to take into account the change in sales to make a significant interpretation of changes in ratios. As an example, if average sales increased 10 per cent from \$50,000 in 1950 to \$55,000 in 1952, and rent showed a proportionate increase from \$600 to \$660, the rent expense ratio would be identical for both years. However, if rent remained unchanged or increased less than 10 per cent, the rent expense ratio would decline. It is therefore necessary to note the changes in net sales in order to interpret a change in ratios correctly.

The average gross profit, expressed as a percentage of average net sales, increased slightly in 1952 when compared to the 1950 results. The total operating expense ratio increased to a greater ex-

tent, resulting in a slight decline in the net operating profit ratio. However, because of the increase in the average net sales, this decline does not necessarily mean that confectionery store proprietors realized a smaller net operating profit when expressed in absolute dollars.

Inventories were of slightly higher value at the end of 1952 than at the beginning of the year for all sales-size categories except the smallest.

The average annual rate of stock turnover ranged from 6.03 in the smaller stores to 16.83 for stores in the largest sales-size category.

Detailed information with respect to both annual operating costs and financial position as at December 31, 1952, is presented in the following chart and tables.

Operating Results of Independent Confectionery Stores 1950 and 1952 Compared

Item	1950	1952
Average net sales per store..... \$	25,705	29,946
Profit and Loss Data (Per cent of net sales)		
Gross profit	18.21	18.76
Operating expenses:		
Employees' salaries.....	3.91	4.31
Occupancy	4.98	4.64
Delivery	0.19	0.23
Store supplies	0.43	0.56
All other expenses	1.14	1.32
Total operating expenses.....	10.69	11.28
Net operating profit before deduction of proprietors' salaries and income tax	7.52	7.48

Balance Sheet Ratios of Independent Confectionery Stores as at December 31, 1952

Ratio ¹	Owned	Rented
Current ratio.....	2.74	3.43
Liquidity ratio.....	1.17	1.77
Working capital to net worth	0.28	0.47
Worth debt ratio.....	2.49	2.64
Turnover of total capital employed.....	3.04	5.40

1. Ratio definitions are shown on page 6.

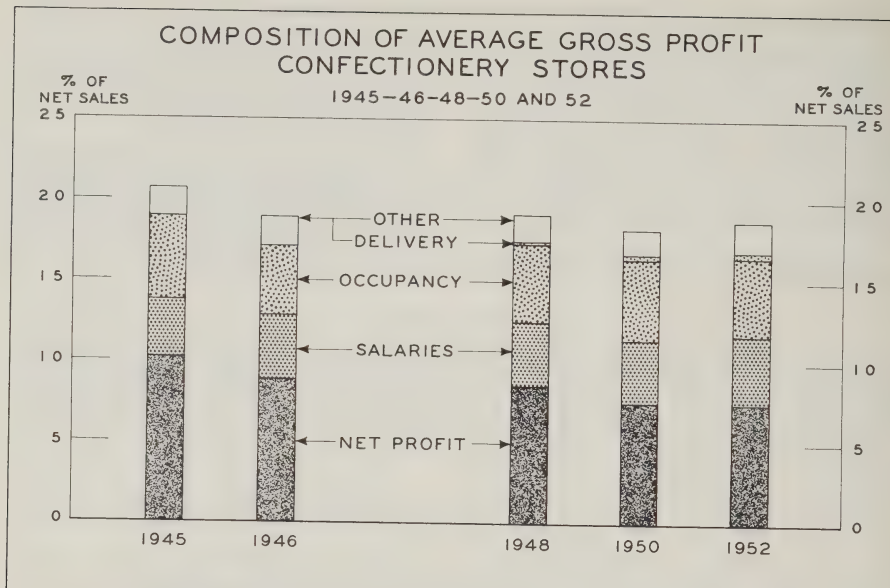


TABLE 12. Independent Confectionery Stores — Operating Results by Annual Sales Volume and Occupancy 1952

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999	Under \$10,000	\$10,000 to \$19,999	\$20,000 to \$49,999	\$50,000 to \$99,999
Number of stores reporting	10	23	34	10	0	31	53	15
Average net sales per store	7,459	14,375	32,204	70,678	6,799	15,092	32,631	71,645
Average cost of goods sold	5,809	11,899	26,427	57,735	5,141	11,768	26,673	57,863
Average beginning inventory	580	1,276	2,104	3,243	851	1,424	2,334	3,511
Average inventory, end of year	533	1,350	2,195	3,618	855	1,452	2,425	3,526
Stock turnover (times per year)	10.45	9.06	12.30	16.83	6.03	8.24	11.21	16.45
Profit and Loss Data (Per cent of net sales)								
Gross profit	22.13	17.22	17.94	18.31	24.39	22.03	18.26	19.23
Operating expenses:								
Employees' salaries and wages (except delivery)	1.34	2.81	3.85	6.66	2.01	2.35	3.93	5.52
Taxes	1.76	1.06	0.64	0.49	0.64	0.55	0.29	0.33
Insurance	0.70	0.52	0.30	0.39	0.60	0.33	0.24	0.32
Rent	—	—	—	—	5.27	4.34	2.55	1.82
Heat, light and power	2.72	2.27	0.96	1.14	2.60	1.66	0.84	0.87
Delivery	0.21	0.17	0.35	0.19	—	0.16	0.28	0.24
Repairs and maintenance	0.60	0.57	0.65	0.44	0.51	0.34	0.37	0.79
Depreciation allowances	1.50	1.53	0.99	0.88	0.03	0.30	0.54	1.10
Store supplies	0.34	0.50	0.51	0.77	0.53	0.58	0.43	0.69
Advertising	0.13	0.16	0.16	0.30	—	0.04	0.18	0.23
Bad debts-written off	0.07	—	0.03	0.01	0.07	0.12	0.06	0.01
(Less) amount recovered	—	—	—	—	—	0.02	—	—
net bad debt loss	0.07	—	0.03	0.01	0.07	0.10	0.06	0.01
All other expenses	0.80	1.32	0.97	1.42	0.58	0.96	0.84	1.43
Total operating expenses	10.19	10.91	9.41	12.69	12.84	11.71	10.55	13.35
Net operating profit before deduction of proprietors' salaries and income tax	11.94	6.31	8.53	5.62	11.55	10.32	7.71	5.88

TABLE 13. Independent Confectionery Stores Financial Structure by Size and Occupancy as at December 31, 1952

Item	Owned stores with annual net sales of			Total all sizes \$20,000 and over	Rented stores with annual net sales of			\$50,000 to \$99,999	Total all sizes \$20,000 and over
	\$20,000 to \$49,999				\$20,000 to \$49,999				
	Under 10 years	10 years and over	Total		Under 10 years	10 years and over	Total		
	(average per store)								
Assets									
Current assets:									
Cash on hand and in bank	984	1,894	1,373	1,543	867	1,506	1,218	3,614	1,686
Accounts and notes receivable (net)	86	309	182	181	44	171	113	259	154
Merchandise inventory	1,688	2,996	2,363	2,904	2,436	1,763	2,070	3,041	2,341
Other current assets	43	933	425	427	584	448	509	372	471
Total current assets	3,001	6,132	4,343	5,055	3,931	3,893	3,910	7,286	4,852
Fixed assets (net):									
Used in the business	7,164	4,732	6,122	7,770	1,384	990	1,168	3,560	1,835
Not used in the business	1,267	4,647	2,715	2,686	412	5,076	2,970	952	2,407
Total fixed assets (net)	8,431	9,379	8,837	10,456	1,796	6,066	4,138	4,512	4,242
Other assets:									
Investments of a permanent nature	—	1,062	455	386	—	—	—	—	—
Intangibles	228	57	155	132	920	—	416	2,399	969
Total other assets	228	1,119	610	518	920	—	416	2,399	969
Total assets	11,660	16,630	13,790	16,029	6,647	9,959	8,464	14,197	10,063
Liabilities									
Current liabilities — accounts and notes payable	951	1,175	1,047	1,842	1,335	748	1,013	2,455	1,415
Fixed liabilities — mortgages on fixed assets:									
Used in the business	1,408	1,609	1,494	1,993	62	431	285	39	202
Not used in the business	839	583	730	641	—	2,653	1,455	—	1,049
Other liabilities	78	8	48	116	263	24	132	21	101
Total liabilities	3,276	3,375	3,319	4,592	1,660	3,856	2,865	2,515	2,767
Net worth — proprietor's or partners' equity in the business	8,384	13,255	10,471	11,437	4,987	6,103	5,599	11,682	7,296
Total liabilities and net worth	11,660	16,630	13,790	16,029	6,647	9,959	8,464	14,197	10,063
Number of stores reporting	16	12	28	33	14	17	31	12	43
Average net sales of stores reporting	32,078	35,638	33,604	40,559	33,645	30,354	31,840	65,855	41,333

63-409



CANADA

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OPERATING RESULTS
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FINANCIAL STRUCTURE RETAIL FOOD STORES
1954
(Independent)

Food stores (independent, including those organized in voluntary chains); operating results

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NOTICE

The annual reports prepared by the Industry and Merchandising Division of the Bureau of Statistics are divided into 3 volumes, as follows: **Volume I**—The Primary Industries, including mining, forestry and fisheries; **Volume II**—Manufacturing; **Volume III**—Merchandising and Services.

Volume III consists of the following parts with individual trade reports listed under each:

Part I—Wholesale Statistics

- A—Wholesale Trade, 25¢
- *B—Operating Results of Food Wholesalers, 25¢
- *C—Operating Results of Dry Goods, Piece Goods and Footwear Wholesalers, 25¢
- *D—1 Operating Results of Automotive Parts and Accessories Wholesalers, 25¢
 - 2 Operating Results of Drug Wholesalers, 25¢
 - 3 Operating Results of Hardware Wholesalers, 25¢
 - 4 Operating Results of Plumbing and Heating Supply Wholesalers, 25¢
 - 5 Operating Results of Household Appliance & Electrical Supply Wholesalers, 25¢

Part II—Retail Statistics

- E—General Review—(Discontinued)
- F—Retail Trade, 50¢
- G—Retail Chain Stores, 50¢
- *H—Operating Results of Food Store Chains, 25¢
- *I—Operating Results of Clothing Store Chains, 25¢
- *J—1 Operating Results of Variety Store Chains, 25¢
 - 2 Operating Results of Drug Stores Chains, 25¢
 - 3 Operating Results of Furniture Store Chains, 25¢
- K—Operating Results of Independent Food Stores, 25¢
- L—Operating Results of Independent Clothing Stores, 25¢
- M—Operating Results of Independent Hardware, Furniture, Appliance and Radio Stores, 25¢
- N—Operating Results of Filling Stations & Garages, 25¢
- O—1 Operating Results of Independent General Stores, 25¢
 - 2 Operating Results of Independent Restaurants, 25¢
 - 3 Operating Results of Independent Fuel Dealers, 25¢
 - 4 Operating Results of Independent Drug Stores, 25¢
 - 5 Operating Results of Independent Jewellery Stores, 25¢
 - 6 Operating Results of Independent Tobacco Stores, 25¢
- P—Retail Consumer Credit, 25¢

Part III—Services and Special Fields

- Q—Laundries, Cleaners and Dyers, 25¢
- R—Motion Picture Theatres, Exhibitors and Distributors, 25¢
- S—Hotels, 25¢
- T—Sales Financing, 25¢
- U—Farm Implement and Equipment Sales, 25¢
- V—New Motor Vehicle Sales and Motor Vehicle Financing, 25¢
- W—Advertising Agencies (Memorandum), 10¢
- X—Motion Picture Production (Memorandum), 10¢

The reports are punched to permit of filing in a ring binder.

*Biennial reports—not issued for 1954.

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DEFINITIONS

Profit and Loss

Net sales — the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

Cost of goods sold — determined by adding the beginning inventory to net purchases and deducting the ending inventory.

Gross profit — the difference between "cost of goods sold" and "net sales".

Operating expenses — all costs incurred in the year's operation of a business, except the cost of merchandise. These include:

Salaries and wages (except delivery) — payments to employees before deduction of income tax or unemployment insurance. Proprietors' salaries or withdrawals are included in "net operating profit" (in unincorporated store operations).

Taxes — business, property and water taxes. Taxes collected for remittance to governmental bodies and income tax are not included.

Insurance — annual proportion of premiums for insurance policies carried to protect the business.

Rent — Payments for use of business premises.

Heat, light and power — cost applicable to year's operations.

Delivery — includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licenses and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.).

Repairs and maintenance — costs incurred to keep fixed store assets operating efficiently (excludes capital expenditure).

Depreciation allowances — provision for decrease in the value of fixed store assets.

Store supplies — wrapping paper, office supplies, etc.

Advertising — displays, window dressing and sales promotion.

Net bad debt loss — estimated amount of uncollectable customers' accounts receivable less the amount recovered from former bad debts.

Other expenses — telephone, telegraph, postage, bank charges, legal, auditing and collection fees, etc.

Net operating profit — is the difference between "total operating expenses" and "gross profit", and includes proprietors' salaries and withdrawals before income tax deductions.

Occupancy — the cost of maintaining and occupying a place of business and includes: rent, business and property taxes, insurance, heat, light and power, repairs and maintenance and depreciation.

DEFINITIONS

Balance Sheet

Assets

Cash on hand or in bank — the amount of cash in the business at the end of the year.

Net accounts receivable — all customers' notes and accounts owing to the business at the end of the year less any reserve for doubtful accounts.

Merchandise inventory — the cost value of merchandise on hand for resale but does not include store supplies on hand.

Other current assets — includes assets which may be converted into cash, if necessary within a reasonably short time, such as Dominion of Canada Bonds and prepaid insurance.

Fixed assets (net) — the book value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation. Separate figures are shown for assets used in the business and those not used in the business.

Other assets — investment of a permanent nature not readily converted into cash and intangibles such as goodwill and organization costs.

Liabilities and Net Worth

Current liabilities — are obligations which must be paid in the near future and represent accounts payable or any item that may be considered as a direct lien against current assets.

Fixed liabilities — mortgages secured by fixed assets and separated, as are fixed assets, between those used and not used in business.

Other liabilities — long term notes payable, accrued expenses such as taxes due but not yet paid, and prepaid or deferred income.

Net worth — Unincorporated business — the amount invested in the business together with any accumulated profits after proprietor's or partners' withdrawals.

Incorporated business — net worth is shown in two parts:

- (1) Capital stock, which represents the shareholders' investment of fully paid-up subscribed shares, and
- (2) Surplus, which represents distributable surplus, capital surplus and earned surplus.

DEFINITIONS

Profit and Loss Statement Ratios

Stock Turnover — the number of times in a year that the average merchandise inventory is sold and replaced. The average of the beginning and ending inventories is divided into the cost of goods sold.

Note: Each of the following ratios are expressed as a percentage of "net sales". Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales' dollar.

Gross Profit Ratio — sometimes referred to as the "gross margin ratio" or "mark-up" represents the difference between "cost of goods sold" and "net sales". It is the portion of the average sales' dollar from which the merchant meets his operating expenses and obtains his net operating profit.

Operating Expense Ratios — each item of expense, as well as "total operating expenses", when expressed as a percentage of "net sales" shows the amounts of the average sales' dollar required to operate the average business.

Net Operating Profit Ratio — the remaining proportion of the average sales' dollar after "cost of goods sold" and "total operating expenses" have been deducted. From this amount, the percentage allowances for both proprietors' salaries and income tax should be deducted in order to determine the percentage to sales of net returns on capital investment.

Balance Sheet Ratios

Current Ratio — $\text{Current Assets} \div \text{Current Liabilities}$ — indicates to what extent the business is able to meet its current obligations out of "current assets". Care should be taken to examine the components of current assets because overstocking of inventories and overinvestment in credit sales (accounts receivable) can result in a stronger or more favourable ratio.

Liquidity Ratio — $\text{Current Assets less Merchandise Inventory} \div \text{Current Liabilities}$ — sometimes referred to as the "acid test", is similar to the "current ratio" as a test of current credit strength. A ratio of 100% (or 1) is usually considered favourable.

Working Capital to Net Worth Ratio — denotes the relationship between "working capital" (current assets less current liabilities) and a proprietor's equity in the business. That is, the proportion of "net worth" that could be realized readily if liquidation were necessary.

Worth-Debt Ratio — $\text{Net Worth} \div \text{Total Liabilities}$ — if used in conjunction with the "current ratio", would reflect any weakening of the capital structure of a business through large loans which give a high "current ratio".

Interstatement Ratio

Turnover of Total Capital Employed — $\text{Net Sales} \div \text{Total Assets used in the business}$ — provides an indication of the degree of management efficiency. However, this ratio should not be used alone because "profits" and not "sales" are the major criterion of efficiency.

OPERATING RESULTS AND FINANCIAL STRUCTURE RETAIL FOOD STORES 1954

INTRODUCTION

This report on operating results and financial structure presents information in the form of averages and ratios as a guide to retail store operators for the trades covered. These ratios are the "average" of a broad range of operational efficiency, and as such do not represent top performance guides. However, used with this in mind, they show a standard by which business men can compare their own operating experiences. The pattern of expense and financial ratios, by size and kind of business, permit direct analysis of operating results for the year.

There is growing evidence that independent retail merchants are making more advantageous use of the results shown in the biennial operating results bulletins issued by the Dominion Bureau of Statistics. Many accounting firms whose clientele includes retail merchants have shown much interest in these series.

A number of trade papers and business periodicals have reproduced and interpreted the results of previous studies with the object of illustrating to retail merchants the manner in which operating results can be used as a tool in store management. This is a practice the Bureau is pleased to encourage, since it meets with one of the most important objects in maintaining these series, namely the promotion of improved merchandising on the part of retailers.

The new owner of a retail store or the prospective operator might well study these averages. Not all failures in business, however, come from the "new-owner" group. It seems reasonable to suppose, however, that failure in many cases is the result of inadequate knowledge on the part of new proprietors of the true fiscal requirements involved in operating a business and the proper allocation

of costs. Where capital is limited, as is often the case in a newly established store, it would seem that most careful attention should be given to maintenance of proper records and that provision be made to check against some such standard performance as these publications provide.

This report deals with independent retail food stores. Separate figures are given for:

1. Grocery stores
2. Combination meat and grocery stores
3. Meat markets
4. Fruit and vegetable stores
5. Confectionery stores

There are analyses of:

1. profit and loss statements
2. balance sheet statements

Profit and loss data are shown for owned and rented stores separately, and for various sale-size categories.

Balance sheet data, which was introduced in 1948, is continued in this 1954 study. This information is presented by sales-size and kind of occupancy groups for stores with \$20,000 or more annual net sales. Where possible, a further differentiation has been made between businesses in operation less than 10 years and 10 years or more. An important change, introduced in 1950, is the segregation of fixed assets and fixed liabilities between those used in the business and those not used in the business. This makes possible a better relationship between assets used in the business and sales, than was possible when all fixed assets of the proprietor were reported as one item.

COMPARISON OF MAIN ITEMS BY TRADES

Independent food stores operated on wider gross margins in 1954 than in 1952 with the exception of confectionery stores. This increased mark-up was entirely offset by higher operating expenses, most evident in salaries and occupancy expenses. Again, the exception was in confectionery stores; however, the decrease in gross profit or margin was greater than in operating expenses so that net operating profit was lower than in previous years.

The other four trades under review showed practically no change in ratios of net operating profit in 1954 as compared with 1952.

Net operating profits, expressed as percentages of net sales, have declined consistently over the last ten years in most food trades but with smaller changes apparent in the last four years.

Average Gross and Net Profits - Historical Summary by Trades

Year	Grocery		Combination		Meat		Fruit and Vegetable		Confectionery	
	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit
(Per cent of net sales)										
1938	16.0	4.5	17.4	4.1	22.4	5.6				
1941	15.2	5.7	16.9	5.2	—	—	(Not available)			
1944	14.2	6.3	15.2	5.8	17.1	6.0	16.4	6.6	19.5	9.6
1945	14.1	6.1	14.9	5.0	16.9	6.0	16.0	6.6	20.7	10.1
1946	14.3	6.0	15.1	4.8	17.2	5.8	16.1	6.5	18.9	8.8
1948	14.0	5.7	14.6	4.4	16.6	5.5	17.5	6.5	19.1	8.5
1950	14.4	5.2	14.9	4.1	16.1	5.0	17.5	5.9	18.2	7.5
1952	13.8	5.2	14.6	4.1	17.5	6.1	17.5	5.6	18.8	7.5
1954	14.3	5.2	15.4	4.1	18.6	6.0	18.1	5.6	17.4	6.7

Average Inventories and Stock Turnover - Historical Summary by Trades

Year	Grocery			Combination			Meat		
	Beginning Inventory	Ending Inventory	Stock turnover ¹	Beginning Inventory	Ending Inventory	Stock turnover ¹	Beginning Inventory	Ending Inventory	Stock turnover ¹
	\$	\$		\$	\$		\$	\$	
1938	2,570	2,472	9.9	2,275	2,265	13.0	732	732	31.0
1941	2,636	2,979	7.9	2,046	2,324	13.0	(Not available)		
1945	2,382	2,468	11.5	3,084	3,176	15.5	882	972	41.6
1946	2,442	2,843	11.4	3,231	3,846	14.9	1,054	1,284	37.2
1948	3,389	3,423	10.6	4,460	4,520	13.8	1,249	1,398	37.4
1950	3,528	3,906	10.9	4,453	5,141	13.9	1,130	1,305	43.4
1952	3,947	3,956	10.1	5,298	5,104	13.8	1,521	1,365	39.1
1954	4,040	4,190	10.8	5,437	5,571	14.1	1,514	1,518	39.7
	Fruit and Vegetable			Confectionery					
	Beginning Inventory	Ending Inventory	Stock turnover ¹	Beginning Inventory	Ending Inventory	Stock turnover ¹			
	\$	\$		\$	\$				
1945	1,212	1,283	25.2	970	1,030	15.3			
1946	1,278	1,418	24.6	1,117	1,352	13.0			
1948	1,682	1,868	19.2	1,410	1,487	12.1			
1950	1,912	2,152	18.8	1,771	1,948	11.3			
1952	2,426	2,481	18.4	1,985	2,061	12.0			
1954	2,378	2,398	17.7	2,128	2,149	12.1			

1. Times per year.

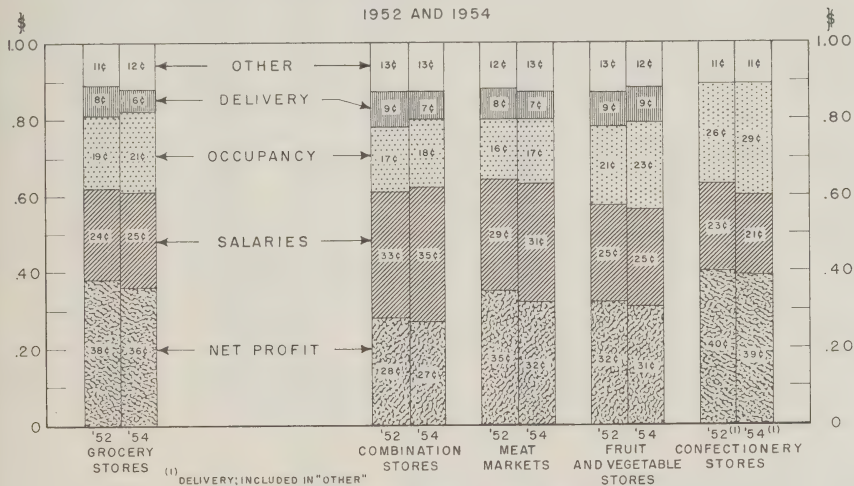
With the exception of fruit and vegetable stores, the dollar volume of average inventories has steadily risen over the last several years. Part of this increase might be attributed to price changes. In all cases inventories on hand at the end of the year were at a higher level than at the beginning of the year.

Based on the average of beginning and year-end inventories, stock was sold and replaced at a more

rapid rate during 1954 than during 1952, again with the exception of fruit and vegetable stores. Meat markets, because of the perishable nature of the commodities handled, continue to show a much higher rate of stock turnover at 39.7 times than the other trades. Grocery stores, handling more stable lines of goods, experienced the lowest rate of stock turn at 10.8 times per year.

DISPOSITION OF AVERAGE GROSS PROFIT DOLLAR, INDEPENDENT FOOD STORES

1952 AND 1954



The chart showing the disposition of the average gross profit dollar for each of the five food trades surveyed, is a valuable standard to which firms within each specific trade might compare their results. Differences arising from such comparisons are more apparent than if percentage ratio of costs and profits to sales were used as the standard or basis of comparison. However, because the number of gross profit dollars varies considerably between trades, there is no common basis for reliable inter-trade comparisons of average gross profit dollar components. As an example, combina-

tion stores operated with a larger sales' volume than did confectionery stores thereby requiring a smaller mark-up to obtain a reasonable net profit. By comparison it can be noted that combination stores in 1954 retained only 27 cents of their average gross profit dollar as net profit, whereas confectionery stores retained 39 cents. There is no justification to assume from this comparison that confectionery stores realized a greater net profit than did combination stores. Inter-trade comparisons should be made with items expressed as proportions of their respective sales.

FINANCIAL STRUCTURE

Balance sheet data have been collected from 1948, with some improvements made in 1950. Various operating ratios can be made from tabular data shown under the separate trades on subsequent pages of this report. Averages are shown here in

summary for owned and rented stores separately and represent only stores in the \$20,000 and over annual sales volume categories. Reference should be made to page 6 for definitions of these ratios.

Balance Sheet Ratios Independent Retail Food Stores, Owned and Rented, Comparison made as at December 31st

(Average of firms with net sales \$20,000 and over)

Item		Grocery stores	Combination stores	Meat markets	Fruit and vegetable stores	Confectionery stores
Owned						
Current ratio	1948	2.65	2.18	2.36	2.45	3.28
	1950	2.88	2.40	2.04	4.12	2.34
	1952	3.90	2.68	2.76	5.27	2.74
	1954	3.30	2.40	2.43	2.80	2.54
Liquidity ratio	1952	1.98	1.43	2.21	3.21	1.17
	1954	1.64	1.20	1.88	1.75	1.07
Working capital to net worth ratio	1948	0.43	0.36	0.26	0.24	0.42
	1950	0.44	0.40	0.26	0.31	0.35
	1952	0.51	0.44	0.33	0.36	0.28
	1954	0.44	0.41	0.32	0.28	0.28
Worth debt ratio	1948	2.94	2.56	3.13	3.33	2.70
	1950	2.78	2.08	2.22	4.55	1.96
	1952	3.36	2.31	3.12	4.76	2.49
	1954	2.91	1.90	2.06	3.21	2.92
Turnover of total capital employed	1952	3.56	4.00	3.92	4.10	3.04
	1954	3.24	3.89	3.99	3.95	3.02
Rented						
Current ratio	1948	2.90	2.47	2.13	2.84	2.93
	1950	2.94	2.33	1.94	2.48	3.37
	1952	2.97	2.37	2.47	2.69	3.43
	1954	3.01	2.41	2.33	2.66	2.18
Liquidity ratio	1952	1.36	1.22	2.00	1.36	1.77
	1954	1.37	1.24	1.88	1.17	0.93
Working capital to net worth ratio	1948	0.71	0.60	0.49	0.63	0.59
	1950	0.67	0.53	0.46	0.43	0.60
	1952	0.64	0.53	0.56	0.55	0.47
	1954	0.64	0.55	0.43	0.55	0.41
Worth debt ratio	1948	2.27	2.17	2.04	2.63	2.70
	1950	2.22	1.89	1.59	2.56	3.23
	1952	2.19	1.67	2.15	2.64	2.64
	1954	2.48	1.81	2.11	2.36	1.95
Turnover of total capital employed	1952	5.41	6.23	7.53	8.23	5.40
	1954	5.59	6.20	6.58	7.46	6.41

These ratios are derived from the firms reporting in the designated years, not necessarily from identical firms throughout the series. Some ratios have only been compiled for two years, others for four years, biennially from 1948.

The current ratio of all trades has remained in a favourable position in excess of 2 to 1, that is \$2.00 of current assets for each \$1.00 of current liabilities. Grocery stores especially show a strong current ratio in both the owned and rented categories.

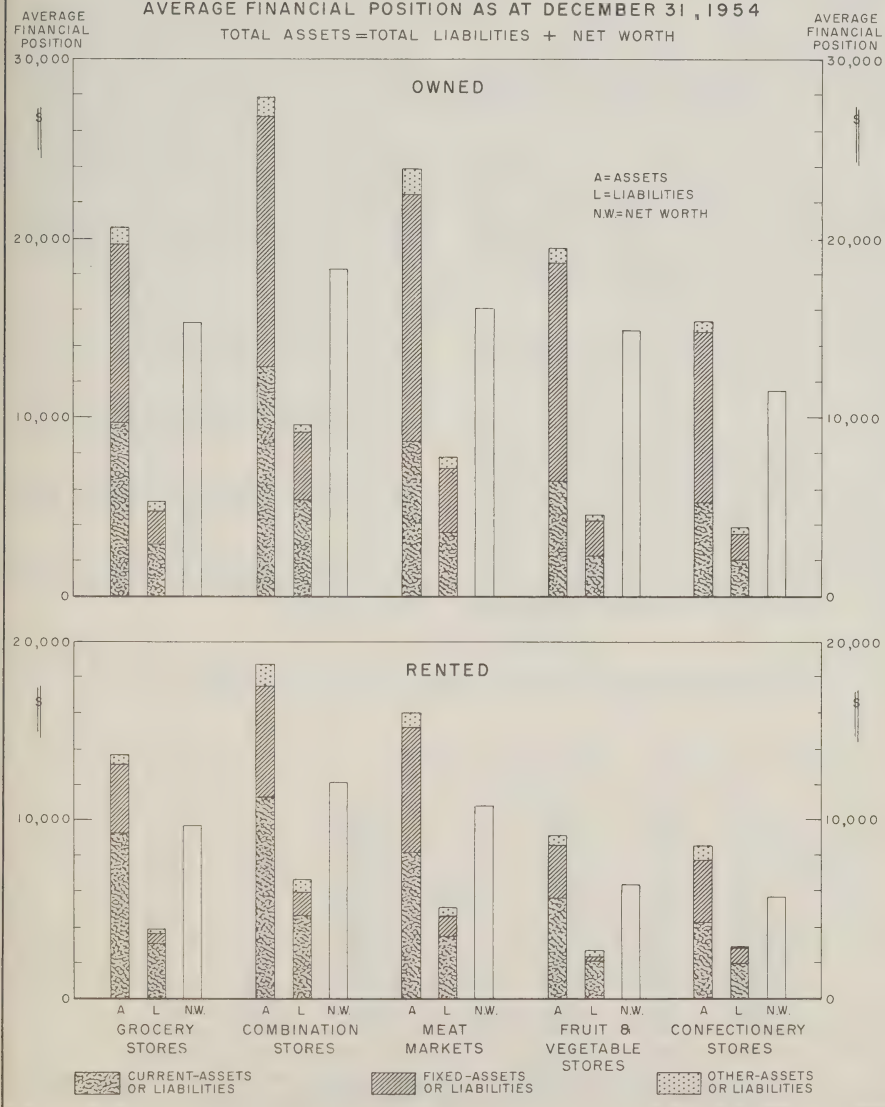
The liquidity ratio, a test of credit strength of a business, remained above the standard position of \$1.00 readily converted assets for each \$1.00 of current liabilities in all cases except confectionery stores operated from rented premises.

Other ratios, both in trade comparisons and yearly within trades, are seen from the above table.

COMPARISON OF FINANCIAL STRUCTURE BY TRADE

AVERAGE FINANCIAL POSITION AS AT DECEMBER 31, 1954

TOTAL ASSETS = TOTAL LIABILITIES + NET WORTH



Independent Grocery Stores

Only retail establishments selling mainly a general line of groceries were used in this report, providing fresh meats did not exceed 15% of total net sales.

Unincorporated "single establishment" or "independent" firms only are covered. After careful editing, 702 questionnaires were used in the tabulation for the profit and loss averages and ratios (419 owned and 283 rented stores).

Returns on which balance sheet data were properly completed numbered 456. This represents a slight decrease from the number reporting in 1952. Some store classification changes take place between the years which may partly account for this decrease. The addition of fresh meats in excess of 15%, for instance, would place a store in the combination (grocery and meats) classification.

Tabulation of balance sheet data was made on a sales-size range basis and, where possible, a further breakdown by number of years in business is presented.

Tabulation of profit and loss data was made for different sales-size categories. The response from large stores is generally better than that from smaller ones. To obtain proper ratios for total trade, weights of the 1951 Census were used. For example, in response to this survey, independent stores between \$10,000 and \$19,999 may represent 5% of the business done by all respondents. According to the 1951 census, they might account for 11% of total grocery store sales. To obtain ratios for total

all sizes, the census weights were applied to the various expense and profit ratios of the different sales-size classes.

Summaries showing figures for years prior to 1952 (page 8) and the charts do not show weighted ratios. For sake of comparability with previous years, for which weights are not available, the sample aggregate or unweighted ratios were used.

The average gross profit, expressed as a percentage of average net sales, increased in 1954 to 14.38 per cent from 13.88 in 1952; increases were registered, in some varying degree, for all operating expenses except delivery. In 1954, total expenses climbed to 8.73 per cent from 8.01 for 1952. The increase in operating expenses more than offset the increase in gross profit with the result that net operating profit showed a decrease from 5.87 per cent in 1952 to 5.65 per cent in 1954.

A general increase in inventories during the year is quite noticeable except in the size "under \$10,000" sales for owned stores where a decrease in inventories occurred.

The rate of stock turnover progressively increases according to the sales-sizes for both owned and rented stores.

Ratios for balance sheet are shown historically for owned and rented stores, affording valuable comparisons for further study.

The following summaries, tables and chart, will give more detail and information on operating results and financial position of independent grocery stores, 1954.

Operating Results of Independent Grocery Stores 1952 and 1954 Compared

Item	1952	1954
	(per cent of net sales)	
Gross profit	13.88	14.38
Operating expenses:		
Employees' salaries	2.70	2.89
Occupancy	2.76	3.30
Delivery	1.01	0.88
Stores Supplies	0.51	0.52
All other expenses	1.03	1.14
Total operating expenses	8.01	8.73
Net operating profit before deduction of proprietors' salaries and income tax	5.87	5.65

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores and are shown here for the first time. They do not agree with ratios shown formerly for 1952 nor with those shown in historical tables.

TABLE 1. Independent Grocery Stores — Operating Results by Annual Sales Volume and Occupancy 1954

Item	Owned stores with annual net sales of					Rented stores with annual net sales of				
	Under \$10,000	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over	
Number of stores reporting	30	77	182	105	25	33	112	99	36	
Average net sales per store	\$ 7,044	15,879	33,138	69,049	190,119	15,193	35,414	69,062	154,450	
Average beginning inventory	\$ 997	1,783	3,199	5,431	10,856	1,920	2,853	5,159	9,661	
Average inventory, end of year	\$ 899	1,857	3,230	5,717	12,349	1,992	2,936	5,314	9,719	
Average cost of goods sold	\$ 5,769	13,569	28,569	59,244	164,377	12,507	30,362	59,044	131,543	
Stock turnover (times per year)	6.09	7.46	8.89	10.63	14.17	6.39	10.49	11.28	13.58	
Profit and Loss Data (per cent of net sales)										
Gross profit	18.10	14.55	13.79	14.20	13.54	17.68	14.27	14.51	14.83	
Operating expenses:										
Employees' salaries and wages (except delivery)	0.88	1.47	2.21	3.54	4.79	1.27	2.51	3.93	4.68	
Delivery	0.81	0.65	0.86	1.04	0.73	0.95	0.86	0.98	1.04	
Occupancy expenses:										
Taxes	1.61	0.91	0.63	0.44	0.35	0.43	0.25	0.21	0.17	
Insurance	0.58	0.45	0.33	0.26	0.25	0.27	0.19	0.22	0.16	
Rent	—	—	—	—	—	2.87	1.96	1.47	1.29	
Heat, light and power	2.31	1.50	0.86	0.61	0.40	1.26	0.74	0.54	0.34	
Repairs and maintenance	0.94	0.42	0.48	0.34	0.28	0.35	0.28	0.26	0.22	
Depreciation allowances	0.65	0.58	0.85	0.97	0.96	0.36	0.46	0.58	0.51	
Total occupancy expenses	6.09	3.86	3.15	2.62	2.24	5.54	3.88	3.28	2.69	
Office or store supplies	0.81	0.55	0.51	0.53	0.39	0.53	0.48	0.48	0.63	
Advertising	0.03	0.11	0.19	0.29	0.31	0.09	0.14	0.25	0.33	
Net loss on bad debts	0.47	0.16	0.11	0.16	0.06	0.17	0.06	0.13	0.13	
All other expenses	0.97	0.92	0.80	0.78	0.81	1.01	0.77	0.78	0.60	
Total operating expenses	10.06	7.72	7.83	8.96	9.33	9.56	7.70	9.83	10.10	
Net operating profit before deduction of proprietors' salaries and income tax	8.04	6.83	5.96	5.24	4.21	8.12	5.57	4.68	4.73	

TABLE 2. Independent Grocery Stores — Owned — Financial Structure by Size and Occupancy as at December 31, 1954

Item	Stores with annual net sales									Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
Assets	(average per store)									
Current assets:										
Cash on hand and in bank.....	2,210	1,487	1,715	2,059	2,600	2,366	2,141	8,071	4,987	2,252
Accounts and notes receivable (net).....	880	1,220	1,113	2,070	2,844	2,510	4,765	4,372	4,576	1,921
Merchandise inventory.....	2,955	3,355	3,229	5,489	5,594	5,549	9,915	14,987	12,350	4,988
Other current assets	108	485	366	564	1,792	1,262	280	809	534	687
Total current assets	6,153	6,547	6,423	10,182	12,831	11,687	17,101	28,239	22,447	9,758
Fixed assets (net):										
Used in the business.....	5,957	5,552	5,680	10,477	7,962	9,048	22,960	15,542	19,399	8,148
Not used in the business	2,191	1,591	1,780	1,437	2,176	1,857	1,662	948	1,319	1,762
Total fixed assets (net)	8,148	7,143	7,460	11,914	10,138	10,905	24,622	16,490	20,718	9,910
Other assets:										
Long term investments	1,179	413	654	116	761	482	203	4,084	2,066	79
Other assets	268	58	124	263	138	192	794	196	507	184
Total other assets	1,447	471	778	379	899	674	997	4,280	2,573	916
Total assets	15,748	14,161	14,661	22,475	23,868	23,266	42,720	49,009	45,738	20,584
Liabilities										
Current liabilities:										
Accounts and notes payable.....	958	1,562	1,372	4,000	3,017	3,441	11,961	9,020	10,549	2,960
Fixed liabilities:										
Mortgages on fixed assets used in business	2,045	554	1,024	2,956	987	1,837	6,871	384	3,757	1,564
Mortgages on fixed assets not used in business	203	160	173	171	200	188	1,623	904	1,278	285
Total fixed liabilities	2,248	714	1,197	3,127	1,187	2,025	8,494	1,288	5,035	1,849
Other liabilities	118	109	112	321	453	396	4,533	569	2,630	452
Total liabilities	3,324	2,385	2,681	7,448	4,657	5,862	24,988	10,877	18,214	5,261
Net worth: proprietor's or partner's equity in the business	12,424	11,776	11,980	15,027	19,211	17,404	17,732	38,132	27,524	15,323
Total liabilities and net worth.....	15,748	14,161	14,661	22,475	23,868	23,266	42,720	49,009	45,738	20,584
Average net sales of stores reporting.....	33,383	33,493	33,458	69,108	70,367	69,823	161,666	220,944	190,119	60,936
Number of stores reporting	46	100	146	38	50	88	13	12	25	25

TABLE 3. Independent Grocery Stores - Rented - Financial Structure by Size and Occupancy as at December 31, 1954

Item	Stores with annual net sales									Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(average per store)										
Assets										
Current assets:										
Cash on hand and in bank	715	1,221	1,035	2,596	1,921	2,245	4,266	4,900	4,719	2,150
Accounts and notes receivable (net)	537	1,088	885	1,270	1,700	1,493	3,603	3,892	3,809	1,636
Merchandise inventory	2,839	3,118	3,015	5,191	5,231	5,212	8,948	10,142	9,801	5,057
Other current assets	47	138	105	525	502	513	888	1,056	1,008	421
Total current assets	4,138	5,565	5,040	9,582	9,354	9,463	17,705	19,990	19,337	9,264
Fixed assets (net):										
Used in the business	2,132	1,443	1,696	3,305	2,428	2,849	3,988	4,700	4,496	2,633
Not used in the business	847	2,159	1,677	698	1,562	1,147	735	110	289	1,228
Total fixed assets (net)	2,979	3,602	3,373	4,003	3,990	3,996	4,723	4,810	4,785	3,861
Other assets:										
Long term investments	—	286	181	—	269	140	—	1,091	779	272
Other assets	188	130	151	172	224	199	512	610	583	246
Total other assets	188	416	332	172	493	339	512	1,701	1,362	518
Total assets	7,305	9,583	8,745	13,757	13,837	13,798	22,940	26,501	25,484	13,643
Liabilities										
Current liabilities:										
Accounts and notes payable	1,390	1,448	1,426	3,111	2,684	2,889	6,744	7,924	7,587	3,078
Fixed liabilities:										
Mortgages on fixed assets used in business	143	154	150	566	274	415	—	30	21	228
Mortgages on fixed assets not used in business	151	644	463	322	430	377	—	—	—	348
Total fixed liabilities	294	798	613	888	704	792	—	30	21	576
Other liabilities	310	174	224	435	118	270	776	236	391	271
Total liabilities	1,994	2,420	2,263	4,434	3,506	3,951	7,520	8,190	7,999	3,925
Net worth: proprietor's or partner's equity in the business										
	5,311	7,163	6,482	9,323	10,331	9,847	15,420	18,311	17,485	9,718
Total liabilities and net worth	7,305	9,583	8,745	13,757	13,837	13,798	22,940	26,501	25,484	13,643
Average net sales of stores reporting	35,140	35,341	35,267	71,687	66,073	68,768	139,313	162,378	155,788	69,434
Number of stores reporting	32	55	87	36	39	75	10	25	35	197

Independent Combination Stores

Only retail establishments selling mainly a combination of groceries and fresh meats were used in this report, providing neither one constituted less than 15% of total net sales.

Unincorporated "single establishment" or "independent" firms only are covered. After careful editing, 757 questionnaires were used in the tabulation for the profit and loss averages and ratios (443 owned and 314 rented stores).

Returns on which balance sheet data were properly completed numbered 633. This represents an increase from the number reporting in 1952. Some store classification changes take place between the years which may partly account for this increase. The addition of fresh meats in excess of 15% in a grocery store would automatically classify it under combination store (grocery and meats).

Tabulation of profit and loss data was made for different sales-size categories. The response from large stores is generally better than that from smaller ones. To obtain proper ratios for total trade, weights of the 1951 Census were used. For example, in response to this survey, independent stores between \$10,000 and \$19,999 may represent 5% of the business done by all respondents. According

to the 1951 census, they might account for 11% of total combination store sales. To obtain ratios for total all sizes, the census weights were applied to the various expense and profit ratios of the different sales-size classes.

Summaries showing figures for years prior to 1952 (page 8) and the charts do not show weighted ratios. For sake of comparability with previous years, for which weights are not available, the sample aggregate or unweighted ratios were used.

The average gross profit, expressed as a percentage of average net sales, increased in 1954 to 15.09 per cent from 14.50 per cent; delivery and stores supplies were the only operating expenses showing a decrease. The increase from 10.14 per cent in 1952 to 10.69 in 1954 for operating expenses almost offset the gross profit increase, with the result that the net operating profit showed a slight increase from 4.36 per cent in 1952 to 4.40 per cent in 1954.

A small overall increase in inventories during the year was noticed.

The rate of stock turnover increased according to sales-size for both owned and rented stores.

Ratios for balance sheet are shown historically for owned and rented stores, affording valuable comparisons for further study.

The following summaries, tables and chart, will give more detail and information on operating results and financial position of independent combination stores, 1954.

Operating Results of Independent Combination Stores 1952 and 1954 Compared

Item	1952	1954
	(per cent of net sales)	
Gross profit	14.50	15.09
Operating expenses:		
Employees' salaries	4.46	4.75
Occupancy	2.56	2.93
Delivery	1.30	1.11
Stores Supplies	0.63	0.61
All other expenses	1.19	1.29
Total operating expenses	10.14	10.69
Net operating profit before deduction of proprietors' salaries and income tax	4.36	4.40

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales-sizes for independent stores and are shown here for the first time. They do not agree with ratios shown formerly for 1952 nor with those shown in historical tables.

Balance Sheet Ratios — Independent Retail Combination Stores, Yearly Comparison Made as at December 31st

Item	1948	1950	1952	1954
	(average of firms with net sales \$20,000 and over)			
Current ratio owned	2.18	2.40	2.68	2.40
rented	2.47	2.33	2.37	2.41
Liquidity ratio owned	1	1	1.43	1.20
rented	1	1	1.22	1.24
Working Capital to net worth ratio owned	0.36	0.40	0.44	0.41
rented	0.60	0.53	0.53	0.55
Worth debt ratio owned	2.56	2.08	2.31	1.90
rented	2.17	1.89	1.67	1.81
Turnover of total capital employed owned	1	1	4.00	3.89
rented	1	1	6.23	6.20

1. Not available.

COMPOSITION OF AVERAGE GROSS PROFIT INDEPENDENT COMBINATION STORES

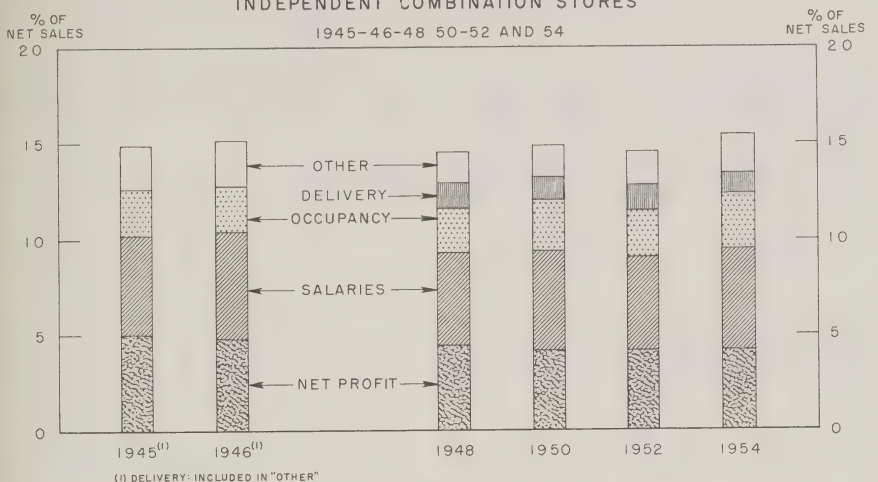


TABLE 4. Independent Combination Stores — Operating Results by Annual Sales Volume and Occupancy 1954

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over
Number of stores reporting.....	37	130	146	126	8	72	111	123
Average net sales per store..... \$	16,029	34,204	74,323	167,066	17,063	34,176	70,714	175,491
Average beginning inventory..... \$	1,659	2,745	5,109	9,484	1,429	2,262	4,263	8,981
Average inventory, end of year..... \$	1,630	2,775	5,245	9,905	1,315	2,054	4,319	9,272
Average cost of goods sold..... \$	13,495	29,283	63,416	142,253	13,817	28,821	59,754	148,001
Stock turnover (times per year).....	8.21	10.61	12.25	14.67	10.07	13.36	13.93	16.22
Profit and Loss Data (per cent of net sales)								
Gross profit.....	15.81	14.39	14.68	14.85	19.02	15.67	15.50	15.66
Operating expenses:								
Employees' salaries and wages (except delivery)	0.53	2.38	4.57	5.98	1.58	3.05	5.12	6.29
Delivery.....	0.86	1.30	1.17	0.99	1.45	1.00	0.96	1.21
Occupancy expenses:								
Taxes.....	0.90	0.59	0.40	0.31	0.44	0.38	0.22	0.14
Insurance.....	0.39	0.28	0.30	0.26	0.68	0.24	0.26	0.23
Rent.....	1.35	0.92	0.62	0.46	3.34	1.95	1.36	0.88
Heat, light and power.....	0.66	0.49	0.40	0.40	1.66	0.74	0.47	0.35
Repairs and maintenance.....	0.87	1.06	0.89	0.96	0.70	0.37	0.33	0.32
Depreciation allowances.....					1.03	0.59	0.54	0.70
Total occupancy expenses.....	4.17	3.34	2.61	2.39	7.85	4.27	3.18	2.62
Office or store supplies.....	0.59	0.58	0.55	0.62	0.73	0.58	0.67	0.64
Advertising.....	0.16	0.14	0.25	0.43	0.31	0.17	0.31	0.37
Net loss on bad debts.....	0.22	0.09	0.15	0.12	—	0.11	0.09	0.09
All other expenses.....	1.05	0.90	0.89	0.86	2.06	0.89	0.86	0.63
Total operating expenses.....	7.58	8.73	10.19	11.39	13.98	10.07	11.19	12.05
Net operating profit before deduction of proprietors' salaries and income tax.....	8.23	5.66	4.49	3.46	5.04	5.60	4.31	3.61

TABLE 5. Independent Combination Stores - Owned - Financial Structure by Size and Occupancy as at December 31, 1954

Item	Stores with annual net sales									Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(average per store)										
Assets										
Current assets:										
Cash on hand and in bank	1,062	1,548	1,383	1,449	2,333	2,028	3,583	3,329	3,405	2,327
Accounts and notes receivable (net)	1,160	1,021	1,068	2,707	2,982	2,887	6,490	4,466	5,075	3,132
Merchandise inventory	3,242	2,759	2,923	5,272	5,337	5,314	10,859	10,321	10,483	6,443
Other current assets	376	403	394	276	1,432	1,033	796	1,712	1,437	991
Total current assets	5,840	5,731	5,768	9,704	12,084	11,262	21,728	19,828	20,400	12,893
Fixed assets (net):										
Used in the business	8,254	5,823	6,648	11,334	7,551	8,858	20,086	15,445	16,841	11,029
Not used in the business	3,277	2,106	2,503	1,705	2,652	2,325	2,619	4,493	3,929	2,941
Total fixed assets (net)	11,531	7,929	9,151	13,039	10,203	11,183	22,705	19,938	20,770	13,970
Other assets:										
Long term investments	54	434	305	70	508	357	581	1,708	1,369	698
Other assets	505	65	215	272	526	438	683	378	470	385
Total other assets	559	499	520	342	1,034	795	1,264	2,086	1,839	1,083
Total assets	17,930	14,159	15,439	23,085	23,321	23,240	45,697	41,852	43,009	27,946
Liabilities										
Current liabilities:										
Accounts and notes payable	1,849	1,548	1,650	3,811	3,745	3,768	11,145	9,612	10,073	5,376
Fixed liabilities:										
Mortgages on fixed assets used in business	2,668	659	1,341	5,602	1,783	3,103	7,226	3,065	4,317	3,022
Mortgages on fixed assets not used in business	536	396	443	919	504	647	2,061	1,082	1,376	845
Total fixed liabilities	3,204	1,055	1,784	6,521	2,287	3,750	9,287	4,147	5,693	3,867
Other liabilities	197	34	90	564	241	353	945	566	680	392
Total liabilities	5,250	2,637	3,524	10,896	6,273	7,871	21,377	14,325	16,446	9,635
Net worth; proprietor's or partner's equity in the business	12,680	11,522	11,915	12,189	17,046	15,369	24,320	27,527	26,563	18,311
Total liabilities and net worth	17,930	14,159	15,439	23,085	23,321	23,240	45,697	41,852	43,009	27,946
Average net sales of stores reporting	35,690	33,429	34,196	71,023	76,097	74,343	189,719	165,387	172,705	97,375
Number of stores reporting	37	72	109	47	89	136	40	93	133	378

TABLE 6. Independent Combination Stores - Rented - Financial Structure by Size and Occupancy as at December 31, 1954

Item	Stores with annual net sales									Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 Years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(average per store)										
Assets										
Current assets:										
Cash on hand and in bank	1,051	951	991	1,503	2,035	1,844	3,302	4,226	3,768	2,442
Accounts and notes receivable (net)	716	409	530	1,346	2,381	2,010	3,571	6,543	5,071	2,934
Merchandise inventory	2,010	2,201	2,125	3,846	4,562	4,305	8,609	8,156	8,380	5,487
Other current assets	67	547	357	59	190	143	462	899	683	414
Total current assets	3,844	4,108	4,003	6,754	9,168	8,302	15,944	19,824	17,902	11,277
Fixed assets (net):										
Used in the business	2,544	2,238	2,359	2,923	2,439	2,612	6,742	4,767	5,745	3,845
Not used in the business	1,154	1,334	1,263	1,850	3,492	2,903	3,004	2,257	2,627	2,416
Total fixed assets (net)	3,698	3,572	3,622	4,773	5,931	5,515	9,746	7,024	8,372	6,261
Other assets:										
Long term investments	217	406	331	203	260	240	635	1,294	968	560
Other assets	298	41	143	259	519	426	1,381	936	1,156	663
Total other assets	515	447	474	462	779	666	2,016	2,230	2,124	1,223
Total assets	8,057	8,127	8,099	11,989	15,878	14,483	27,706	29,078	28,398	18,761
Liabilities										
Current liabilities:										
Accounts and notes payable	1,448	925	1,133	2,497	3,535	3,163	7,721	8,178	7,952	4,673
Fixed liabilities:										
Mortgages on fixed assets used in business	708	135	362	137	237	201	1,272	180	721	452
Mortgages on fixed assets not used in business	626	—	248	653	1,775	1,372	1,456	360	902	923
Total fixed liabilities	1,334	135	610	790	2,012	1,573	2,728	540	1,623	1,375
Other liabilities	61	224	159	292	699	553	1,517	448	978	638
Total liabilities	2,843	1,284	1,902	3,579	6,246	5,289	11,966	9,166	10,553	6,686
Net worth; proprietor's or partner's equity in the business	5,214	6,843	6,197	8,410	9,632	9,194	15,740	19,912	17,845	12,075
Total liabilities and net worth	8,057	8,127	8,099	11,989	15,878	14,483	27,706	29,078	28,398	18,761
Average net sales of stores reporting	36,072	31,457	33,287	69,534	71,460	70,769	159,345	172,101	165,784	101,367
Number of stores reporting	23	35	58	33	59	92	52	53	105	255

Independent Meat Markets

Only retail establishments selling mainly fresh meats were used in this report, in which dry groceries did not exceed 15% of total net sales.

Unincorporated "single establishment" or "independent" firms only, are covered. After careful editing, 240 questionnaires were used in the tabulation for the profit and loss averages and ratios (106 owned and 134 rented).

Returns on which balance sheet data were properly completed numbered 189. Tabulation of balance sheet data was made on a sales-size range basis and, where possible, a further breakdown by number of years in business.

Tabulation of profit and loss data was made for different sales-size categories. The response from large stores is generally better than that from smaller ones. To obtain proper ratios for total trade, weights of the 1951 Census were used. For example, in response to this survey, independent stores between \$10,000 and \$19,999 may represent 5% of the business done by all respondents. According to the 1951 census, they might account for 11% of total meat market sales. To obtain ratios for total all sizes, the census weights were applied to the various expense and profit ratios of the different sales-size classes.

Summaries showing figures for years prior to 1952 (page 8) and the charts do not show weighted

ratios. For sake of comparability with previous years, for which weights are not available, the sample aggregate or unweighted ratios were used.

The average gross profit, expressed as a percentage of average net sales, increased in 1954 to 18.90 per cent from 17.78 in 1952; increases were registered, in some varying degree, for all operating expenses except delivery. In 1954, total expenses climbed to 12.53 per cent from 11.37 in 1952. The increase in operating expenses offset the increase in gross profit with the result that net operating profit showed a slight decrease in 1954, namely 6.37 per cent against 6.41 per cent in 1952.

Total inventories in 1954 remained almost unchanged between beginning and year end.

The rate of stock turnover was fairly pronounced for owned stores in the sales-size \$50,000 to \$99,999 at 44.18 compared to other sizes which ranged from 25.53 to 30.32 times per year. Rented stores turnover rates showed a gradual increase as sales size increased.

Ratios for balance sheet are shown historically for owned and rented stores, affording valuable comparisons for further study.

The following summaries, tables and chart, will give more detail and information on operating results and financial position of independent meat markets, 1954.

Operating Results of Independent Meat Markets 1952 and 1954 Compared

Item	1952	1954
	(per cent of net sales)	
Gross profit	17.78	18.90
Operating expenses:		
Employees' salaries	4.90	5.53
Occupancy	2.89	3.37
Delivery	1.51	1.35
Stores Supplies	0.79	0.94
All other expenses	1.28	1.34
Total operating expenses	11.37	12.53
Net operating profit before deduction of proprietors' salaries and income tax	6.41	6.37

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales-sizes for independent stores and are shown here for the first time. They do not agree with ratios shown formerly for 1952 nor with those shown in historical tables.

TABLE 7. Independent Meat Markets — Operating Results by Annual Sales Volume and Occupancy 1954

Item	Owned stores with annual net sales				Rented stores with annual net sales			
	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over
Number of stores reporting	20	36	29	21	14	41	43	36
Average net sales per store	\$ 15,458	35,851	72,468	162,510	16,077	34,957	69,388	166,844
Average beginning inventory.....	\$ 444	1,112	1,368	4,565	456	878	1,195	2,366
Average inventory, end of year.....	\$ 460	1,176	1,255	4,203	376	765	1,361	2,581
Average cost of goods sold	\$ 12,072	29,209	57,939	132,911	12,866	27,919	56,131	137,601
Stock turnover (times per year).....	26.71	25.53	44.18	30.32	30.93	33.99	43.92	55.63
Profit and Loss Data (per cent of net sales)								
Gross profit	21.91	18.53	20.04	18.21	19.97	20.13	19.10	17.53
Operating expenses:								
Employees' salaries and wages (except delivery).....	2.50	3.94	7.31	6.16	2.46	3.35	5.50	6.58
Delivery	2.41	1.44	1.08	1.26	1.52	1.27	1.41	1.36
Occupancy expenses:								
Taxes	0.81	0.66	0.46	0.40	0.30	0.24	0.23	0.13
Insurance	0.43	0.39	0.28	0.26	0.13	0.20	0.20	0.18
Rent	1.36	1.15	0.53	0.60	2.50	1.85	1.53	0.97
Heat, light and power	0.43	0.53	0.60	1.04	0.79	0.56	0.31	0.31
Repairs and maintenance	0.76	0.72	0.55	0.53	0.36	0.53	0.45	0.40
Depreciation allowances	0.97	1.12	0.97	1.11	0.78	0.95	0.73	0.60
Total occupancy expenses	4.33	4.04	2.79	2.90	5.11	4.56	3.70	2.59
Office or store supplies	0.82	0.87	0.90	1.13	0.88	0.88	0.87	0.97
Advertising	0.11	0.23	0.16	0.29	0.18	0.12	0.18	0.17
Net loss on bad debts	0.01	0.09	0.13	0.01	0.03	0.04	0.07	0.10
All other expenses	0.89	1.42	1.03	1.36	1.60	0.95	1.10	0.80
Total operating expenses	11.07	12.03	13.40	13.11	11.78	11.17	12.83	12.57
Net operating profit before deduction of proprietors' salaries and income tax.....	10.84	6.50	6.64	5.10	8.19	8.96	6.27	4.96

TABLE 8. Independent Meat Markets — Owned — Financial Structure by Size and Occupancy as at December 31, 1954

Item	Stores with annual net sales							Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000- \$99,000	\$100,000 and over			
	Under 10 years	10 years and over	Total	Total	Under 10 years	10 years and over	Total	
(average per store)								
Assets								
Current assets:								
Cash on hand and in bank.....	976	1,853	1,552	4,487	3,731	3,653	3,679	3,101
Accounts and notes receivable (net)	616	1,340	1,091	2,385	2,639	4,159	3,653	2,200
Merchandise inventory.....	820	1,353	1,170	1,254	2,692	4,962	4,205	1,995
Other current assets	501	745	661	2,200	63	2,185	1,477	1,395
Total current assets.....	2,913	5,291	4,474	10,326	9,125	14,959	13,014	8,691
Fixed assets (net):								
Used in the business	10,530	4,869	6,815	9,560	14,791	17,561	16,638	10,320
Not used in the business	3,160	3,707	3,519	1,301	10,390	4,225	6,280	3,496
Total fixed assets (net)	13,690	8,576	10,334	10,861	25,181	21,786	22,918	13,816
Other assets:								
Long term investments	—	4	3	113	714	4,568	3,283	901
Other assets	82	1,812	1,217	—	—	272	182	534
Total other assets	82	1,816	1,220	113	714	4,840	3,465	1,435
Total assets	16,685	15,683	16,028	21,300	35,020	41,585	39,397	23,942
Liabilities								
Current liabilities:								
Accounts and notes payable.....	1,700	1,539	1,594	2,467	5,250	9,367	7,995	3,569
Fixed liabilities:								
Mortgages on fixed assets used in business	5,059	2,078	3,103	1,548	4,432	3,307	3,682	2,730
Mortgages on fixed assets not used in business.....	127	1,348	928	538	3,414	357	1,376	914
Total fixed liabilities	5,186	3,426	4,031	2,086	7,846	3,664	5,058	3,644
Other liabilities	741	450	551	604	286	855	665	599
Total liabilities	7,627	5,415	6,176	5,157	13,382	13,886	13,718	7,812
Net worth: proprietor's or partner's equity in the business	9,058	10,268	9,852	16,143	21,638	27,699	25,679	16,130
Total liabilities and net worth	16,685	15,683	16,028	21,300	35,020	41,585	39,397	23,942
Average net sales of stores reporting.....	35,386	36,335	36,009	72,824	122,930	182,300	162,510	81,641
Number of stores reporting.....	11	21	32	27	7	14	21	80

TABLE 9. Independent Meat Markets—Rented—Financial Structure by Size and Occupancy as at December 31, 1954

Item	Stores with annual net sales									Total all sizes \$20,000 and over
	\$20,000 — \$49,999			\$50,000 — \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
	(average per store)									
Assets										
Current assets:										
Cash on hand and in bank	1,414	1,507	1,462	1,993	2,835	2,436	1,845	7,578	5,667	3,191
Accounts and notes receivable (net)	919	615	762	2,127	1,703	1,904	4,498	5,366	5,077	2,585
Merchandise inventory	815	676	744	1,619	1,241	1,420	2,643	2,572	2,596	1,591
Other current assets	489	526	508	78	273	183	763	2,404	1,857	840
Total current assets	3,637	3,324	3,476	5,817	6,057	5,943	9,749	17,920	15,197	8,207
Fixed assets (net):										
Used in the business	3,566	2,035	2,778	4,279	2,945	3,577	8,066	8,227	8,173	4,839
Not used in the business	88	1,717	926	597	3,133	1,932	3,145	3,790	3,575	2,151
Total fixed assets (net)	3,654	3,752	3,704	4,876	6,078	5,509	11,211	12,017	11,748	6,990
Other assets:										
Long term investments	—	144	74	—	—	—	811	1,331	1,158	406
Other assets	55	115	86	60	150	107	2,587	156	966	384
Total other assets	55	259	160	60	150	107	3,398	1,487	2,124	790
Total assets	7,346	7,335	7,340	10,753	12,285	11,559	24,358	31,424	29,069	15,987
Liabilities										
Current liabilities:										
Accounts and notes payable	1,129	603	859	3,131	2,860	2,988	6,445	6,762	6,656	3,515
Fixed liabilities:										
Mortgages on fixed assets used in business	1,082	240	649	219	441	336	1,000	1,117	1,078	682
Mortgages on fixed assets not used in business	—	388	199	—	603	317	—	1,223	815	444
Total fixed liabilities	1,082	628	848	219	1,044	653	1,000	2,340	1,893	1,126
Other liabilities	14	240	130	42	366	213	1,973	772	1,172	503
Total liabilities	2,225	1,471	1,837	3,392	4,270	3,854	9,418	9,874	9,721	5,144
Net worth; proprietor's or partner's equity in the business	5,121	5,864	5,503	7,361	8,015	7,705	14,940	21,550	19,348	10,843
Total liabilities and net worth	7,346	7,335	7,340	10,753	12,285	11,559	24,358	31,424	29,069	15,987
Average net sales of stores reporting	34,562	35,759	35,178	72,555	68,965	70,665	148,312	176,110	166,844	91,036
Number of stores reporting	17	18	35	18	20	38	12	24	36	109

Independent Fruit and Vegetable Stores

Retail establishments selling mainly fresh fruits and fresh vegetables were used in this report, providing they constituted at least 50% of total net sales. Stores selling a combination of fruits, vegetables and groceries and other items were also included but fruits and vegetables had to predominate.

Unincorporated "single establishment" or "independent" firms only are covered. After careful editing, 173 questionnaires were used in the tabulation for the profit and loss averages and ratios (67 owned and 106 rented stores).

Returns on which balance sheet data were properly completed numbered 96. Tabulation of

balance sheet data was made on a sales-size range basis and, where possible, a further breakdown by number of years in business is presented.

Tabulation of profit and loss data was made for different sales-size categories. The response from large stores was generally better than that from smaller ones. To obtain proper ratios for total trade, weights of the 1951 Census were used. For example, in response to this survey, independent stores between \$10,000 and \$19,999 may represent 5% of the business done by all respondents. According to the 1951 census, they might account for 11% of total fruit and vegetable store sales. To obtain ratios for total all sizes, the census weights were applied to the various expense and profit ratios of the different sales-size classes.

Summaries showing figures for years prior to 1952 (page 8) and the charts, do not show weighted ratios. For sake of comparability with previous years, for which weights are not available, the sample aggregate or unweighted ratios were used.

The average gross profit, expressed as a percentage of net sales increased in 1954 to 18.42 per cent from 17.74 per cent for 1952. Increases were registered, in some varying degree, for all operating expenses except store supplies. In 1954, total expenses climbed to 12.47 per cent from 11.50 for 1952. The increase in operating expenses more than offset the increase in the gross profit, with the result that net operating profit showed a decrease from 6.24 per cent in 1952 down to 5.95 per cent in 1954.

Inventories for owned stores during the year for all sales-sizes showed noticeable increases compared to rented stores where noticeable decreases were experienced.

The rate of stock turnover progressively increased according to sales-sizes for both owned and rented stores.

Ratios for balance sheet are shown historically for owned and rented stores, affording valuable comparisons for further study.

The following summaries, tables and chart, will give more detail and information on operating results and financial position of independent fruit and vegetable stores, 1954.

Operating Results of Independent Fruit and Vegetable Stores 1952 and 1954 Compared

Item	1952	1954
	(per cent of net sales)	
Gross profit	17.74	18.42
Operating Expenses:		
Employees' salaries	3.79	4.35
Occupancy	4.01	4.46
Delivery	1.42	1.46
Stores Supplies	1.21	1.06
All other expenses	1.07	1.14
Total operating expenses	11.50	12.47
Net operating profit before deduction of proprietors' salaries and income tax	6.24	5.95

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales-sizes for independent stores and are shown here for the first time. They do not agree with ratios shown formerly for 1952 nor with those shown in historical tables.

Balance Sheet Ratios — Independent Retail Fruit and Vegetable Stores, Yearly Comparison Made as at December 31st

Item	1948	1950	1952	1954
	(average of firms with net sales \$20,000 and over)			
Current ratio	2.45	4.12	5.27	2.80
owned				
rented	2.84	2.48	2.69	2.66
Liquidity ratio	1	1	3.21	1.75
owned				
rented	1	1	1.36	1.17
Working capital to net worth ratio	0.24	0.31	0.36	0.28
owned				
rented	0.63	0.43	0.55	0.55
Worth debt ratio	3.33	4.55	4.76	3.21
owned				
rented	2.63	2.56	2.64	2.36
Turnover of total capital employed	1	1	4.10	3.95
owned				
rented	1	1	8.23	7.46

1. Not available.

COMPOSITION OF AVERAGE GROSS PROFIT INDEPENDENT FRUIT AND VEGETABLE STORES

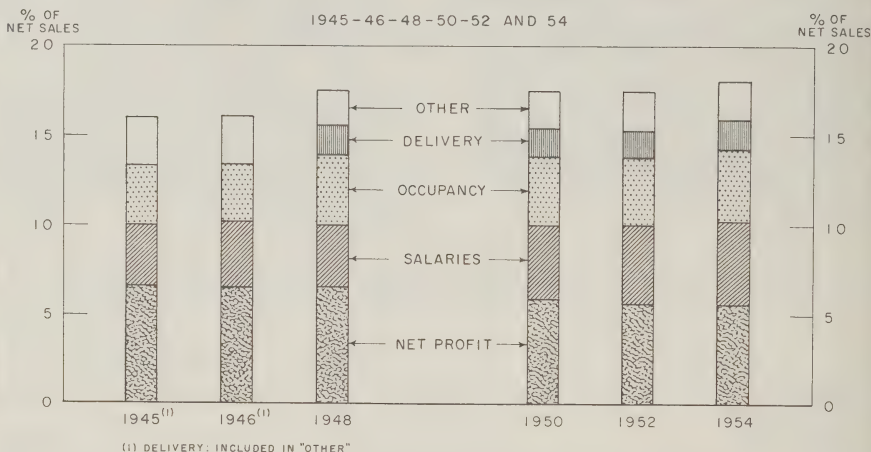


TABLE 10. Independent Fruit and Vegetable Stores—Operating Results by Annual Sales Volume and Occupancy 1954

Item	Owned stores with annual net sales				Rented stores with annual net sales			
	\$10,000— \$19,999	\$20,000— \$49,999	\$50,000— \$99,999	\$100,000 and over	\$10,000— \$19,999	\$20,000— \$49,999	\$50,000— \$99,999	\$100,000 and over
Number of stores reporting	14	28	12	7	12	39	40	11
Average net sales per store	\$ 16,086	\$ 30,774	\$ 72,526	\$ 169,990	\$ 16,000	\$ 34,774	\$ 70,307	\$ 123,791
Average beginning inventory	\$ 773	\$ 1,467	\$ 3,148	\$ 3,507	\$ 1,333	\$ 2,360	\$ 3,441	\$ 4,225
Average inventory, end of year	\$ 811	\$ 1,542	\$ 3,492	\$ 3,707	\$ 1,293	\$ 2,341	\$ 3,419	\$ 3,956
Average cost of goods sold	\$ 12,283	\$ 25,445	\$ 61,845	\$ 141,694	\$ 12,342	\$ 27,821	\$ 57,551	\$ 100,883
Stock turnover	15.51	16.91	18.63	39.28	9.40	11.84	16.78	24.66
Profit and Loss Data (per cent of net sales)								
Gross profit	23.64	17.32	14.73	16.65	22.86	20.00	18.14	18.51
Operating expenses:								
Employees' salaries and wages (except delivery)	3.91	3.40	4.36	4.92	2.72	3.76	5.04	6.09
Delivery	1.58	1.76	1.14	3.04	0.93	1.23	1.28	1.49
Occupancy expenses:								
Taxes	2.07	1.06	0.57	0.30	0.38	0.32	0.19	0.17
Insurance	0.50	0.33	0.33	0.21	0.31	0.32	0.31	0.26
Rent	—	—	—	—	5.72	3.30	2.55	2.14
Heat, light and power	1.20	0.73	0.68	0.39	1.06	0.75	0.55	0.48
Repairs and maintenance	0.53	0.55	0.45	0.33	0.48	0.44	0.25	0.33
Depreciation allowances	1.02	0.84	1.07	0.71	1.09	0.40	0.52	0.51
Total occupancy expenses	5.32	3.51	3.10	1.94	9.04	5.53	4.37	3.89
Office or store supplies	1.27	1.07	0.84	1.41	0.82	1.18	0.93	1.07
Advertising	0.24	0.07	0.23	0.10	0.05	0.14	0.08	0.17
Net loss on bad debts	—	—	0.01	0.20	—	—	—	—
All other expenses	1.92	1.01	0.87	0.85	1.21	1.12	0.87	0.77
Total operating expenses	14.24	10.82	10.55	12.46	14.77	12.96	12.57	13.48
Net operating profit before deduction of proprietors' salaries and income tax	9.40	6.50	4.18	4.19	8.09	7.04	5.57	5.03

TABLE 11. Independent Fruit and Vegetable Stores—Owned—Financial Structure by Size and Occupancy as at December 31, 1954

TABLE 11. Independent Fruit and Vegetable Stores—Continued				
Item	Stores with annual net sales			Total all sizes \$20,000 and over
	\$20,000—\$49,999	\$50,000—\$99,999	\$100,000 and over	
	(average per store)			
Assets				
Current assets:				
Cash on hand and in bank	1,843	1,563	5,452	2,435
Accounts and notes receivable (net)	149	536	3,652	896
Merchandise inventory	1,555	3,346	3,681	2,417
Other current assets	1,022	501	120	719
Total current assets	4,569	5,946	12,905	6,467
Fixed assets (net):				
Used in the business	7,180	9,939	17,896	9,880
Not used in the business	2,894	167	3,884	2,359
Total fixed assets (net)	10,074	10,106	21,780	12,239
Other assets:				
Long term investments	38	—	2,279	441
Other assets	470	—	714	391
Total other assets	508	—	2,993	832
Total assets	15,151	16,052	37,678	19,538
Liabilities				
Current liabilities:				
Accounts and notes payable	663	2,205	7,407	2,311
Fixed liabilities:				
Mortgages on fixed assets used in business	1,270	1,163	1,993	1,375
Mortgages on fixed assets not used in business	1,006	42	—	567
Total fixed liabilities	2,276	1,205	1,993	1,942
Other liabilities	155	1,139	—	386
Total liabilities	3,094	4,549	9,400	4,639
Net worth: proprietor's or partner's equity in the business	12,057	11,503	28,278	14,899
Total liabilities and net worth	15,151	16,052	37,678	19,538
Average net sales of stores reporting	31,011	73,653	169,990	67,834
Number of stores reporting	21	10	7	38

TABLE 12. Independent Fruit and Vegetable Stores—Rented—Financial Structure by Size and Occupancy as at December 31, 1954

Item	Stores with annual net sales						\$100,000 and over	Total all sizes \$20,000 and over
	\$20,000—\$49,999			\$50,000—\$99,999				
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
(average per store)								
Assets								
Current assets:								
Cash on hand and in bank	825	757	789	1,705	1,270	1,472	4,431	1,684
Accounts and notes receivable (net)	218	98	155	386	590	496	1,245	489
Merchandise inventory	2,369	2,266	2,316	3,161	3,670	3,433	4,297	3,162
Other current assets	—	—	—	863	358	593	122	305
Total current assets	3,412	3,121	3,260	6,115	5,888	5,994	10,095	5,640
Fixed assets (net):								
Used in the business	1,739	1,188	1,450	3,354	3,490	3,427	3,458	2,716
Not used in the business	—	212	111	—	967	517	—	290
Total fixed assets (net)	1,739	1,400	1,561	3,354	4,457	3,944	3,458	3,006
Other assets:								
Long term investments	—	—	—	154	—	71	295	80
Other assets	534	—	254	1,387	1	645	—	404
Total other assets	534	—	254	1,541	1	716	295	484
Total assets	5,685	4,521	5,075	11,010	10,346	10,654	13,848	9,130
Liabilities								
Current liabilities:								
Accounts and notes payable	1,231	962	1,090	2,048	2,801	2,452	3,517	2,124
Fixed liabilities:								
Mortgages on fixed assets used in business	66	—	31	354	311	331	—	171
Mortgages on fixed assets not used in business	—	—	—	—	181	97	—	47
Total fixed liabilities	66	—	31	354	492	428	—	218
Other liabilities	359	213	283	892	279	563	7	375
Total liabilities	1,656	1,175	1,404	3,294	3,572	3,443	3,524	2,717
Net worth: proprietor's or partner's equity in the business	4,029	3,346	3,671	7,716	6,774	7,211	10,324	6,413
Total liabilities and net worth	5,685	4,521	5,075	11,010	10,346	10,654	13,848	9,130
Average net sales of stores reporting	31,449	37,762	34,756	70,447	72,163	71,366	121,916	65,955
Number of stores reporting	10	11	21	13	15	28	9	58

Independent Confectionery Stores

Retail establishments selling mainly candy and confectionery, soft drinks, soda fountain products and ice cream to the extent of at least 50% of total net sales, were used in this report. Other items sold such as light lunches should not constitute more than 40% of total net sales nor should sales of groceries and fresh fruits and vegetables.

Unincorporated "single establishment" or "independent" firms only are covered. After careful editing, 197 questionnaires were used in the tabulation for the profit and loss averages and ratios (93 owned and 104 rented stores).

Returns on which balance sheet data were properly completed numbered 99. Tabulation of balance sheet data was made on a sales-size range basis, and, where possible, a further breakdown by number of years in business is presented.

Tabulation of profit and loss data was made for different sales-size categories. The response from large stores was generally better than that from smaller ones. For example, in response to this survey, independent stores between \$10,000 and \$19,999 may represent 5% of the business done by all respondents. According to the 1951 census, they might account for 11% of total confectionery store sales. To obtain ratios for total all sizes, the census weights were applied to the various expense and profit ratios of the different sales-size classes.

Summaries showing figures for years prior to 1952 (page 8) and the charts do not show weighted ratios. For sake of comparability with previous years, for which weights are not available, the sample aggregate or unweighted ratios were used.

The average gross profit, expressed as a percentage of average net sales, decreased in 1954 to 17.57 per cent from 18.93 in 1952; decreases were registered for all operating expenses except for occupancy. In 1954, total expenses dropped to 10.23 per cent from 10.93 per cent in 1952. The decrease in operating expenses cut the loss in gross profit by almost half, with the net operating profit showing a decrease from 8.00 per cent in 1952 to 7.34 per cent in 1954.

A slight increase in inventory for total owned and rented stores was noticed for the year 1954.

The rate of stock turnover increased with the sales size for rented stores, owned stores did the same except for sales-size \$10,000-\$19,999.

Ratios for balance sheet are shown historically for owned and rented stores, affording valuable comparisons for further study.

The following summaries, tables and chart, will give more detail and information on operating results and financial position of independent confectionery stores, 1954.

Operating Results of Independent Confectionery Stores 1952 and 1954 Compared

Item	1952	1954
	(per cent of net sales)	
Gross profit	18.93	17.57
Operating expenses:		
Employees' salaries	3.60	2.79
Occupancy	5.32	5.60
Delivery	0.24	0.20
Stores Supplies	0.52	0.43
All other expenses	1.25	1.21
Total operating expenses	10.93	10.23
Net operating profit before deduction of proprietors' salaries and income tax	8.00	7.34

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales-sizes for independent stores and are shown here for the first time. They do not agree with ratios shown formerly for 1952 nor with those shown in historical tables.

Balance Sheet Ratios – Independent Retail Confectionery Stores, Yearly Comparison Made as at December 31st.

Item	1948	1950	1952	1954
(average of firms with net sales \$20,000 and over)				
Current ratio owned	3.28	2.34	2.74	2.54
rented	2.93	3.37	3.43	2.18
Liquidity ratio owned	1	1	1.17	1.07
rented	1	1	1.77	0.93
Working capital to net worth ratio owned	0.42	0.35	0.28	0.28
rented	0.59	0.60	0.47	0.41
Worth debt ratio owned	2.70	1.96	2.49	2.92
rented	2.70	3.23	2.64	1.95
Turnover of total capital employed owned	1	1	3.04	3.02
rented	1	1	5.40	6.41

1. Not available.

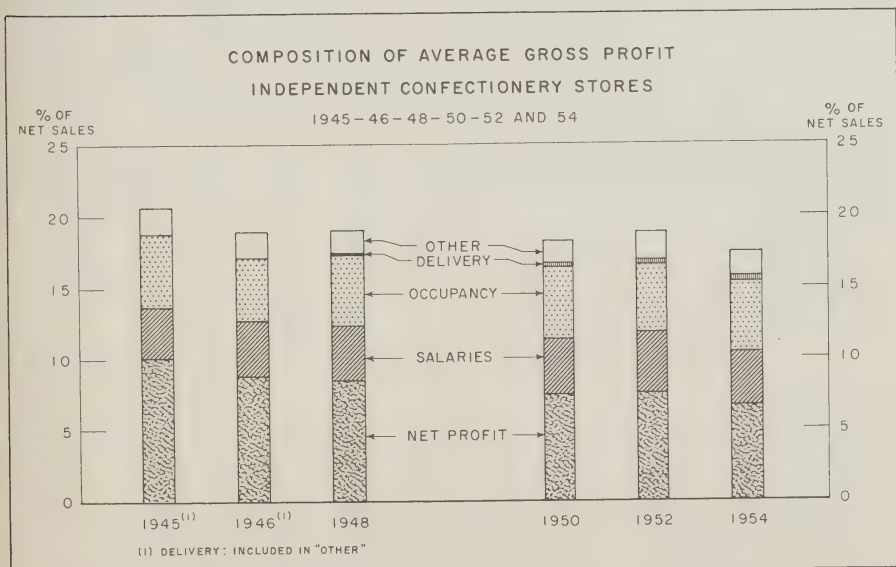


TABLE 13. Independent Confectionery Stores — Operating Results by Annual Sales Volume and Occupancy 1954

Item	Owned stores with annual net sales				Rented stores with annual net sales			
	Under \$10,000	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	Under \$10,000	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999
Number of stores reporting.....	17	19	38	19	9	33	41	2
Average net sales per store..... \$	7,133	14,432	33,051	62,873	7,290	15,471	32,447	67,722
Average beginning inventory..... \$	759	1,838	2,437	3,727	1,347	1,108	2,102	3,478
Average inventory, end of year..... \$	746	1,807	2,596	3,602	1,184	1,140	2,008	3,742
Average cost of goods sold..... \$	6,040	12,119	27,829	52,873	5,896	12,048	26,672	55,183
Stock turnover	8.03	6.65	11.06	14.43	4.66	10.72	12.98	15.29
Profit and Loss Data (per cent of net sales)								
Gross profit	15.33	16.03	15.80	15.90	19.11	22.13	17.80	18.52
Operating expenses:								
Employees' salaries and wages (except delivery) ...	—	2.54	3.05	4.37	0.51	2.46	2.83	5.63
Delivery	0.11	0.25	0.25	0.43	0.03	0.16	0.14	0.21
Occupancy expenses:								
Taxes	1.48	1.28	0.68	0.78	0.62	0.58	0.30	0.27
Insurance	0.75	0.70	0.36	0.42	0.11	0.34	0.20	0.29
Rent.....	—	—	—	—	6.07	4.47	2.82	1.85
Heat, light and power	2.71	2.26	1.03	1.07	2.39	1.77	0.92	0.84
Repairs and maintenance	0.84	0.62	0.57	0.84	0.53	0.51	0.46	0.46
Depreciation allowances	1.04	1.02	0.77	1.37	0.21	0.51	0.70	1.03
Total occupancy expenses	6.82	5.88	3.41	4.68	9.93	8.13	5.45	4.74
Office or store supplies	0.34	0.44	0.46	0.48	0.43	0.30	0.48	0.46
Advertising.....	0.09	0.13	0.21	0.31	—	0.04	0.16	0.18
Net loss on bad debts	0.13	0.09	0.05	0.02	—	0.06	0.11	—
All other expenses	0.94	1.00	1.15	1.12	0.86	0.80	0.88	1.24
Total operating expenses	8.43	10.33	8.58	11.41	11.76	11.95	10.05	12.46
Net operating profit before deduction of proprietors' salaries and income tax	6.90	5.70	7.22	4.49	7.35	10.18	7.75	6.06

TABLE 14. Independent Confectionery Stores — Owned — Financial Structure by Size and Occupancy as at December 31, 1954

Item	Stores with annual net sales						Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(average per store)							
Assets							
Current assets:							
Cash on hand and in bank.....	579	1,929	1,447	1,057	1,440	1,237	1,368
Accounts and notes receivable (net).....	26	304	204	691	209	302	464
Merchandise inventory.....	2,747	2,706	2,721	4,000	3,233	3,639	3,068
Other current assets	238	1,018	740	34	580	291	570
Total current assets	3,590	5,957	5,112	5,782	5,462	5,631	5,308
Fixed assets (net):							
Used in the business	8,382	8,032	8,157	12,401	7,182	9,945	8,832
Not used in the business	640	1,137	959	—	375	176	664
Total fixed assets (net)	9,022	9,169	9,116	12,401	7,557	10,121	9,496
Other assets:							
Long term investments	—	515	331	—	19	9	210
Other assets	77	867	585	52	—	28	374
Total other assets	77	1,382	916	52	19	37	584
Total assets	12,689	16,508	15,144	18,233	13,038	15,789	15,388
Liabilities							
Current liabilities:							
Accounts and notes payable.....	1,050	1,133	1,103	3,620	3,805	3,707	2,087
Fixed liabilities:							
Mortgages on fixed assets used in business	1,504	—	537	2,732	2,274	2,516	1,285
Mortgages on fixed assets not used in business.....	292	—	105	—	384	181	133
Total fixed liabilities	1,796	—	642	2,732	2,658	2,697	1,418
Other liabilities	443	433	436	635	100	383	416
Total liabilities	3,289	1,566	2,181	6,987	6,563	6,787	3,921
Net worth: proprietor's or partner's equity in the business	9,400	14,942	12,963	11,248	6,475	9,002	11,467
Total liabilities and net worth	12,689	16,508	15,144	18,233	13,038	15,789	15,388
Average net sales of stores reporting.....	32,819	34,815	34,102	66,708	55,937	61,639	44,505
Number of stores reporting	10	18	28	9	8	17	45

TABLE 15. Independent Confectionery Stores - Rented - Financial Structure by Size and Occupancy as at December 31, 1954

Item	Stores with annual net sales						Total all sizes \$20,000 and over
	\$20,000—\$49,999			\$50,000—\$99,999			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(average per store)							
Assets							
Current assets:							
Cash on hand and in bank	779	1,140	896	1,649	2,995	2,120	1,349
Accounts and notes receivable (net).....	336	248	307	574	162	430	353
Merchandise inventory	1,796	2,462	2,012	3,484	2,986	3,310	2,492
Other current assets	7	442	148	173	79	140	145
Total current assets	2,918	4,292	3,363	5,880	6,222	6,000	4,339
Fixed assets (net):							
Used in the business	1,777	608	1,398	2,983	3,706	3,236	2,079
Not used in the business	256	4,378	1,590	180	2,857	1,117	1,415
Total fixed assets (net)	2,033	4,986	2,988	3,163	6,563	4,353	3,494
Other assets:							
Long term investments	—	186	60	—	—	—	38
Other assets	753	263	594	1,437	172	994	742
Total other assets	753	449	654	1,437	172	994	780
Total assets	5,704	9,727	7,005	10,480	12,957	11,347	8,613
Liabilities							
Current liabilities:							
Accounts and notes payable	1,618	1,957	1,728	2,575	2,193	2,441	1,992
Fixed liabilities:							
Mortgages on fixed assets used in business	835	—	565	67	392	181	423
Mortgages on fixed assets not used in business	270	1,732	743	—	—	—	467
Total fixed liabilities	1,105	1,732	1,308	67	392	181	890
Other liabilities	40	58	45	20	—	13	34
Total liabilities	2,763	3,747	3,081	2,662	2,585	2,633	2,916
Net worth: proprietor's or partner's equity in the business.....	2,941	5,980	3,924	7,818	10,372	8,712	5,697
Total liabilities and net worth	5,704	9,727	7,005	10,480	12,957	11,347	8,613
Average net sales of stores reporting	32,647	35,866	33,688	64,186	73,352	67,394	46,172
Number of stores reporting	23	11	34	13	7	20	54

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CANADA

OPERATING RESULTS
AND
FINANCIAL STRUCTURE RETAIL FOOD STORES
1956
(Independent)

Published by Authority of
The Honourable Gordon Churchill, Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS
Industry and Merchandising Division
Retail Trade Section

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NOTICE

The annual reports prepared by the Industry and Merchandising Division of the Bureau of Statistics are divided into 3 volumes, as follows: **Volume I** — The Primary Industries, including mining, forestry and fisheries; **Volume II** — Manufacturing; **Volume III** — Merchandising and Services.

Volume III consists of the following parts with individual trade reports listed under each:

Part I — Wholesale Statistics

- A — Wholesale Trade, 25¢
- *B — Operating Results of Food Wholesalers, 25¢
- *C — Operating Results of Dry Goods, Piece Goods and Footwear Wholesalers, 25¢
- *D — 1 Operating Results of Automotive Parts and Accessories Wholesalers, 25¢
 - 2 Operating Results of Drug Wholesalers, 25¢
 - 3 Operating Results of Hardware Wholesalers, 25¢
 - 4 Operating Results of Plumbing and Heating Supply Wholesalers, 25¢
 - 5 Operating Results of Household Appliance & Electrical Supply Wholesalers, 25¢

Part II — Retail Statistics

- F — Retail Trade, 50¢
- G — Retail Chain Stores, 50¢
- *H — Operating Results of Food Store Chains, 25¢
- *I — Operating Results of Clothing Store Chains, 25¢
- *J — 1 Operating Results of Variety Store Chains, 25¢
 - 2 Operating Results of Drug Store Chains, 25¢
 - 3 Operating Results of Furniture Store Chains, 25¢
- K — Operating Results of Independent Food Stores, 25¢
- L — Operating Results of Independent Clothing Stores, 25¢
- M — Operating Results of Independent Hardware, Furniture, Appliance, Radio and Television Stores, 25¢
- N — Operating Results of Filling Stations and Garages, 25¢
- O — 1 Operating Results of Independent General Stores, 25¢
 - 2 Operating Results of Independent Restaurants, 25¢
 - 3 Operating Results of Independent Fuel Dealers, 25¢
 - 4 Operating Results of Independent Drug Stores, 25¢
 - 5 Operating Results of Independent Jewellery Stores, 25¢
 - 6 Operating Results of Independent Tobacco Stores, 25¢
- P — Retail Credit, 25¢

Part III — Services and Special Fields

- Q — Laundries, Cleaners and Dyers, 25¢
- R — Motion Picture Theatres, Exhibitors and Distributors, 25¢
- S — Hotels, 25¢
- T — Sales Financing, 25¢
- U — Farm Implement and Equipment Sales, 25¢
- V — New Motor Vehicle Sales and Motor Vehicle Financing, 25¢
- W — Advertising Agencies (Memorandum), 10¢
- X — Motion Picture Production (Memorandum), 10¢

The reports are punched to permit of filing in a ring binder.

- Biennial reports — not issued for 1956.

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DEFINITIONS

Profit and Loss

Net sales—the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

Purchases—are taken at invoice value less returns and allowances, cash and trade discounts. Added to the cost of merchandise are the following expenses: duty, inward freight, express and trucking, alterations, etc.

Cost of goods sold—determined by adding the beginning inventory to net purchases and deducting the ending inventory.

Gross profit—the difference between "cost of goods sold" and "net sales".

Operating expenses—all costs incurred in the year's operation of a business, except the cost of merchandise. These include:

Salaries and wages (except delivery)—payments to employees before deduction of income tax or unemployment insurance. Proprietors' salaries or withdrawals are included in "net operating profit" (in unincorporated store operations).

Delivery—includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licences and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.) and amount paid for contract delivery.

Taxes—business, property and water taxes. Taxes collected for remittance to governmental bodies and income tax are not included.

Insurance—annual proportion of premiums for insurance policies carried to protect the business.

Rent—payments for use of business premises, also rentals of warehouses and garages, etc.

Heat, light and power—cost applicable to year's operations.

Repairs and maintenance—costs incurred to keep fixed store assets operating efficiently (excludes capital expenditure).

Depreciation allowances—provision for decrease in the value of fixed store assets.

Office and store supplies—wrapping paper, office supplies, etc.

Advertising—displays, window dressing and sales promotion.

Net bad debt loss—estimated amount of uncollectable customers' accounts receivable less the amount recovered from former bad debts.

Other expenses—telephone, telegraph, postage, bank charges, legal, auditing and collection fees, etc.

Net operating profit—is the difference between "total operating expenses" and "gross profit", and includes proprietors' salaries and withdrawals before income tax deductions.

Occupancy—the cost of maintaining and occupying a place of business and includes: rent, business and property taxes, insurance, heat, light and power, repairs and maintenance and depreciation.

Non-trading income—interest earned, revenues from rentals, other ventures, carrying charges and investments.

Non-trading expense—interest expense, rental expense, any other expenses not pertaining to the business.

DEFINITIONS

Balance Sheet

Assets

Cash on hand or in bank—the amount of cash in the business at the end of the year.

Net accounts receivable—all customers' notes and accounts owing to the business at the end of the year less any reserve for doubtful accounts.

Merchandise inventory—the cost value of merchandise on hand for resale but does not include store supplies on hand.

Other current assets—includes assets which may be converted into cash, if necessary within a reasonably short time, such as Dominion of Canada Bonds and prepaid insurance.

Fixed assets (net)—the cost value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation. Separate figures are shown for assets used in the business and those not used in the business.

Other assets—investment of a permanent nature not readily converted into cash and intangibles such as goodwill and organization costs.

Liabilities and Net Worth

Current liabilities—are obligations which must be paid in the near future (usually one year) and represent accounts payable or any item that may be considered as a direct lien against current assets.

Fixed liabilities—mortgages secured by fixed assets and separated, as are fixed assets, between those used and not used in business.

Other liabilities—long term notes payable, accrued expenses such as taxes due but not yet paid, and prepaid or deferred income.

Net worth—Unincorporated business—the amount invested in the business together with any accumulated profits after proprietor's or partners' withdrawals.

Incorporated business—net worth is shown in two parts:

- (1) Capital stock, which represents the shareholders' investment of fully paid-up subscribed shares, and
- (2) Surplus, which represents distributable surplus, capital surplus and earned surplus.

DEFINITIONS

Profit and Loss Statement Ratios

Stock Turnover—the number of times in a year that the average merchandise inventory is sold and replaced. The average of the beginning and ending inventories is divided into the cost of goods sold.

Note: Each of the following ratios are expressed as a percentage of "net sales". Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales' dollar.

Gross Profit Ratio—Sometimes referred to as the "gross margin ratio" or "mark-up" represents the difference between "cost of goods sold" and "net sales". It is the portion of the average sales' dollar from which the merchant meets his operating expenses and obtains his net operating profit.

Operating Expense Ratios—each item of expense, as well as "total operating expenses", when expressed as a percentage of "net sales" shows the amounts of the average sales' dollar required to operate the average business.

Net Operating Profit Ratio—the remaining proportion of the average sales' dollar after "cost of goods sold" and "total operating expenses" have been deducted. From this amount, the percentage allowances for both proprietors' salaries and income tax should be deducted in order to determine the percentage to sales of net returns on capital investment.

Balance Sheet Ratios

Current Ratio— $\text{Current Assets} \div \text{Current Liabilities}$ —indicates to what extent the business is able to meet its current obligations out of "current assets". Care should be taken to examine the components of current assets because overstocking of inventories and overinvestment in credit sales (accounts receivable) can result in a stronger or more favourable ratio.

Liquidity Ratio— $\text{Current Assets less Merchandise Inventory} \div \text{Current Liabilities}$ —sometimes referred to as the "acid test", is similar to the "current ratio" as a test of current credit strength. A ratio of 100% (or 1) is usually considered favourable.

Working Capital to Net Worth Ratio—denotes the relationship between "working capital" (current assets less current liabilities) and a proprietor's equity in the business. That is the proportion of "net worth" that could be realized readily if liquidation were necessary.

Worth-Debt Ratio— $\text{Net Worth} \div \text{Total Liabilities}$ —if used in conjunction with the "current ratio", would reflect any weakening of the capital structure of a business through large loans which give a high "current ratio".

Interstatement Ratio

Turnover of Total Capital Employed— $\text{Net Sales} \div \text{Total Assets used in the business}$ —provides an indication of the degree of management efficiency. However, this ratio should not be used alone because "profits" and not "sales" are the major criterion of efficiency.

OPERATING RESULTS AND FINANCIAL STRUCTURE RETAIL FOOD STORES 1956

INTRODUCTION

This report on operating results and financial structure presents information in the form of averages and ratios as a guide to retail store operators for the trades covered. These ratios are the "average" of a broad range of operational efficiency, and as such do not represent top performance guides. However, used with this in mind, they show a standard by which business men can compare their own operating experiences. The pattern of expense and financial ratios, by size and kind of business, permit direct analysis of operating results for the year.

There is growing evidence that independent retail merchants are making more advantageous use of the results shown in the biennial operating results bulletins issued by the Dominion Bureau of Statistics. Many accounting firms whose clientele includes retail merchants have shown much interest in these series.

A number of trade papers and business periodicals have reproduced and interpreted the results of previous studies with the object of illustrating to retail merchants the manner in which operating results can be used as a tool in store management. This is a practice the Bureau is pleased to encourage, since it meets with one of the most important objects in maintaining these series, namely the promotion of improved merchandising on the part of retailers.

The new owner of a retail store or the prospective operator might well study these averages. Not all failures in business, however, come from the "new-owner" group. It seems reasonable to suppose, however, that failure in many cases is the result of inadequate knowledge on the part of new proprietors of the true fiscal requirements involved in operating a business and the proper allocation of costs. Where capital is limited, as is often the case in a newly established store, it would seem

that most careful attention should be given to maintenance of proper records and that provision be made to check against some such standard performance as these publications provide.

This report deals with independent retail food stores. Separate figures are given for:

1. Grocery stores
2. Combination meat and grocery stores
3. Meat markets
4. Fruit and vegetable stores
5. Confectionery stores

There are analyses of:

1. profit and loss statements
2. balance sheet statements

Profit and loss data are shown for owned and rented stores separately, and for various sale-size categories. This 1956 report, for the first time, shows information on "other income" and "other expense". The segregation of these items improves the quality of the ratios for net operating profit in that there is little chance of a "net" of these two items being included in operating profit.

Balance sheet data, which were introduced in 1948, are continued in this 1956 study. This information is presented by sales-size and kind of occupancy groups for stores with \$20,000 or more annual net sales. Where possible, a further differentiation has been made between businesses in operation less than 10 years and 10 years or more. An important change, introduced in 1950, is the segregation of fixed assets and fixed liabilities between those used in the business and those not used in the business. This makes possible a better relationship between assets used in the business and sales, than was possible when all fixed assets of the proprietor were reported as one item.

COMPARISON OF MAIN ITEMS BY TRADES

Independent food stores generally operated on wider marginal profits in 1956, than in 1954. For two trades, operating expenses increased in ratio to net sales, but not enough to offset the initial gross profit gain. Every food trade experienced an

increase in net operating profit over 1954, in most cases breaking the deadlock existing between 1952 and 1954 and reversing the downward trend of recent years.

TABLE 1. Average Gross and Net Profits — Historical Summary by Trades

Year	Grocery		Combination		Meat		Fruit and Vegetable		Confectionery	
	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit	Gross Profit	Net Profit
(Per cent of net sales)										
1938	16.0	4.5	17.4	4.1	22.4	5.6	(Not available)			
1941	15.2	5.7	16.9	5.2	—	—	(Not available)			
1944	14.2	6.3	15.2	5.8	17.1	6.0	16.4	6.6	19.5	9.6
1945	14.1	6.1	14.9	5.0	16.9	6.0	16.0	6.6	20.7	10.1
1946	14.3	6.0	15.1	4.8	17.2	5.8	16.1	6.5	18.9	8.8
1948	14.0	5.7	14.6	4.4	16.6	5.5	17.5	6.5	19.1	8.5
1950	14.4	5.2	14.9	4.1	16.1	5.0	17.5	5.9	18.2	7.5
1952	13.8	5.2	14.6	4.1	17.5	6.1	17.5	5.6	18.8	7.5
1954	14.3	5.2	15.4	4.1	18.6	6.0	18.1	5.6	17.4	6.7
1956	14.7	5.5	15.4	4.3	19.4	6.5	19.1	7.0	19.5	7.5

TABLE 2. Average Inventories and Stock Turnover — Historical Summary by Trades

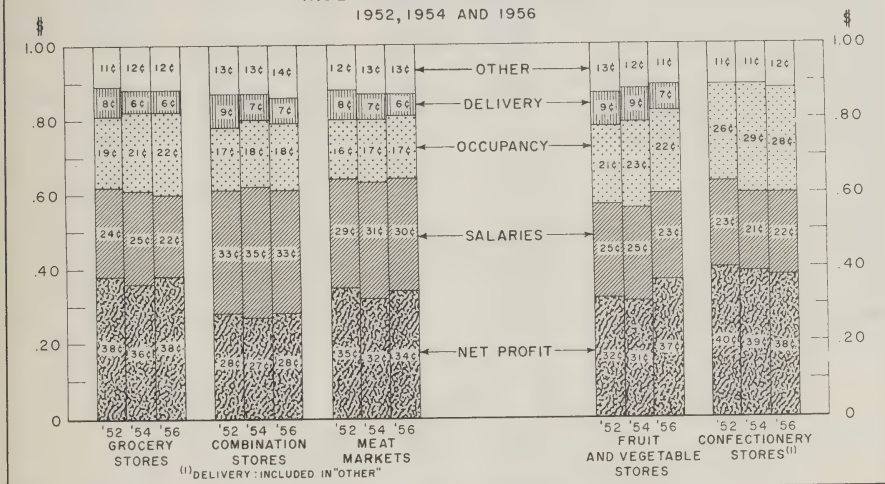
Year	Grocery			Combination			Meat		
	Beginning Inventory	Ending Inventory	Stock turnover ¹	Beginning Inventory	Ending Inventory	Stock turnover ¹	Beginning Inventory	Ending Inventory	Stock turnover ¹
	\$	\$		\$	\$		\$	\$	
1938	2,570	2,472	9.9	2,275	2,265	13.0	732	732	31.0
1941	2,636	2,979	7.9	2,046	2,324	13.0	(Not available)		
1945	2,382	2,468	11.5	3,084	3,176	15.5	882	972	41.6
1946	2,442	2,843	11.4	3,231	3,846	14.9	1,054	1,284	37.2
1948	3,389	3,423	10.6	4,460	4,520	13.8	1,249	1,398	37.4
1950	3,528	3,906	10.9	4,453	5,141	13.9	1,130	1,305	43.4
1952	3,947	3,956	10.1	5,298	5,104	13.8	1,521	1,365	39.1
1954	4,040	4,190	10.8	5,437	5,571	14.1	1,514	1,518	39.7
1956	4,750	4,929	9.5	5,701	5,983	14.1	1,447	1,468	39.8
Fruit and Vegetable						Confectionery			
	Beginning Inventory	Ending Inventory	Stock turnover ¹	Beginning Inventory	Ending Inventory	Stock turnover ¹			
	\$	\$		\$	\$				
1945	1,212	1,283	25.2	970	1,030	15.3			
1946	1,278	1,418	24.6	1,117	1,352	13.0			
1948	1,682	1,868	19.2	1,410	1,487	12.1			
1950	1,912	2,152	18.8	1,771	1,948	11.3			
1952	2,426	2,481	18.4	1,985	2,061	12.0			
1954	2,378	2,398	17.7	2,128	2,149	12.1			
1956	2,328	2,588	18.7	2,051	2,139	11.9			

1. Times per year.

Only grocery and combination stores showed higher beginning of the year inventories; only meat markets and confectionery stores had lower ending inventories. The rate of stock turnover in 1956 remained fairly constant with 1954 for the combined

food trades, although a slight overall decrease was registered. Meat markets as usual, due to the perishable nature of commodities handled, had the highest stock turnover rate more than doubling the next highest rate of 18.7 for fruit and vegetable stores.

DISPOSITION OF AVERAGE GROSS PROFIT DOLLAR
INDEPENDENT FOOD STORES
1952, 1954 AND 1956



The chart showing the disposition of the average gross profit dollar for each of the five food trades surveyed, is a valuable standard to which firms within each specific trade might compare their results. Differences arising from such comparisons are more apparent than if percentage ratio of costs and profits to sales were used as the standard or basis of comparison. However, because the number of gross profit dollars varies considerably between trades, there is no common basis for reliable inter-trade comparisons of average gross profit dollar components. As an example, combina-

tion stores operated with a larger sales' volume than did confectionery stores thereby requiring a smaller mark-up to obtain a reasonable net profit. By comparison it can be noted that combination stores in 1956 retained only 28 cents of their average gross profit dollar as net profit, whereas confectionery stores retained 38 cents. There is no justification to assume from this comparison that confectionery stores realized a greater net profit than did combination stores. Inter-trade comparisons should be made with items expressed as proportions of their respective sales.

FINANCIAL STRUCTURE

Balance sheet data have been collected from 1948, with some improvements made in 1950. Various operating ratios can be made from tabular data shown under the separate trades on subsequent pages of this report. Averages are shown here in summary for owned and rented stores separately and represent only stores in the \$20,000 and over

annual sales volume categories. Reference should be made to page 6 for definitions of these ratios.

These ratios are derived from the firms reporting in the designated years, not necessarily from identical firms throughout the series. Some ratios have only been compiled for three years, others for five years, biennially from 1948.

TABLE 3. Independent Retail Food Stores, Owned and Rented, Comparison made for Balance Sheet Ratios as at December 31st

(Average of firms with net sales \$20,000 and over)

Item		Grocery stores	Combination stores	Meat markets	Fruit and vegetable stores	Confectionery stores
Owned						
Current ratio	1948	2.65	2.18	2.36	2.45	3.28
	1950	2.88	2.40	2.04	4.12	2.34
	1952	3.90	2.68	2.76	5.27	2.74
	1954	3.30	2.40	2.43	2.80	2.54
	1956	3.95	3.03	3.07	4.77	2.62
Liquidity ratio	1952	1.98	1.43	2.21	3.21	1.17
	1954	1.64	1.20	1.88	1.75	1.07
	1956	1.84	1.50	2.43	2.53	1.41
Working capital to net worth ratio	1948	0.43	0.36	0.26	0.24	0.42
	1950	0.44	0.40	0.26	0.31	0.35
	1952	0.51	0.44	0.33	0.36	0.28
	1954	0.44	0.41	0.32	0.28	0.28
	1956	0.54	0.41	0.37	0.33	0.26
Worth debt ratio	1948	2.94	2.56	3.13	3.33	2.70
	1950	2.78	2.08	2.22	4.55	1.96
	1952	3.36	2.31	3.12	4.76	2.49
	1954	2.91	1.90	2.06	3.21	2.92
	1956	2.53	2.13	2.72	2.77	2.25
Turnover of total capital employed	1952	3.56	4.00	3.92	4.10	3.04
	1954	3.24	3.89	3.99	3.95	3.02
	1956	2.59	3.75	3.63	3.50	2.51
Rented						
Current ratio	1948	2.90	2.47	2.13	2.84	2.93
	1950	2.94	2.33	1.94	2.48	3.37
	1952	2.97	2.37	2.47	2.69	3.43
	1954	3.01	2.41	2.33	2.66	2.18
	1956	4.28	2.94	2.46	3.43	3.14
Liquidity ratio	1952	1.36	1.22	2.00	1.36	1.77
	1954	1.37	1.24	1.88	1.17	0.93
	1956	1.90	1.50	2.02	2.24	1.49
Working capital to net worth ratio	1948	0.71	0.60	0.49	0.63	0.59
	1950	0.67	0.53	0.46	0.43	0.60
	1952	0.64	0.53	0.56	0.55	0.47
	1954	0.64	0.55	0.43	0.55	0.41
	1956	0.63	0.55	0.49	0.52	0.48
Worth debt ratio	1948	2.27	2.17	2.04	2.63	2.70
	1950	2.22	1.89	1.59	2.56	3.23
	1952	2.19	1.67	2.15	2.64	2.64
	1954	2.48	1.81	2.11	2.36	1.95
	1956	2.35	1.85	2.29	2.70	2.16
Turnover of total capital employed	1952	5.41	6.23	7.53	8.23	5.40
	1954	5.59	6.20	6.58	7.46	6.41
	1956	5.44	5.79	6.71	5.63	4.73

The current ratio of all trades has remained in a favourable position in excess of 2 to 1, that is \$2.00 of current assets for each \$1.00 of current liabilities. Grocery stores especially show a strong current ratio in both the owned and rented categories.

The liquidity ratio, a test of credit strength of a business, remained above the standard position

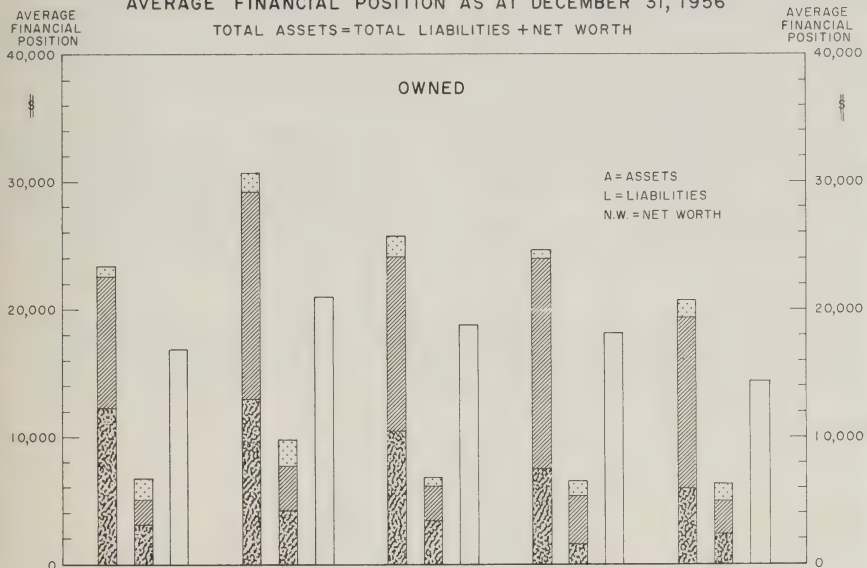
of \$1.00 readily converted assets for each \$1.00 of current liabilities in all cases except confectionery stores operated from rented premises.

Other ratios, both in trade comparisons and yearly within trades, are seen from the above table.

COMPARISON OF FINANCIAL STRUCTURE BY TRADE

AVERAGE FINANCIAL POSITION AS AT DECEMBER 31, 1956

TOTAL ASSETS = TOTAL LIABILITIES + NET WORTH



Independent Grocery Stores

This survey of independent grocery stores includes only retail establishments selling mainly a general line of groceries; fresh meats may be sold but not in excess of 15% of total net sales.

Unincorporated stores only are covered in this report and ratios and data are presented for profit and loss and balance sheet. Reports used in this study numbered 1,031 (676 owned and 355 rented stores). A smaller number of balance sheet reports were used due to the fact that the stores reporting in the two smallest sales-sizes were not required to submit such information. Results are shown by sales-size categories and, where possible a further breakdown was made in the balance sheet averages by number of years in business.

In compiling trade ratios for the "total, all sizes" the different sales-size ratios were combin-

ed by giving each size category its proper "weight" as obtained from the 1951 census. In this survey the reporting is generally better in the larger size stores so that any aggregate of reporting firms would show a ratio biased toward the characteristics of large store operation. The use of weighting gives proper importance to small store operations so that the ratios shown in the summary Table 5 more truly represent the trade total.

Stores in 1956 operated on a higher gross profit, expressed as a percentage of net sales, than in 1954. Total operating expenses showed a slight decrease this survey and this, coupled with the marginal increase, resulted in a net gain in operating profit, standing at 6.09 per cent this year compared to 5.65 in 1954.

TABLE 4. Independent Grocery Stores, Balance Sheet Ratios as at December 31

Item		Owned	Rented
Current ratio	1948	2.65	2.90
	1950	2.88	2.94
	1952	3.90	2.97
	1954	3.30	3.01
	1956	3.95	4.28
Liquidity ratio	1952	1.98	1.36
	1954	1.64	1.37
	1956	1.84	1.90
Working capital to net worth ratio	1948	0.43	0.71
	1950	0.44	0.67
	1952	0.51	0.64
	1954	0.44	0.64
	1956	0.54	0.63
Worth debt ratio	1948	2.94	2.27
	1950	2.78	2.22
	1952	3.36	2.19
	1954	2.91	2.48
	1956	2.53	2.35
Turnover of total capital employed	1952	3.56	5.41
	1954	3.24	5.59
	1956	2.59	5.44

Note: See page 6 for definitions.

TABLE 5. Operating Results of Independent Grocery Stores 1954 and 1956 Compared

Item	1954	1956
	(per cent of net sales)	
Gross profit	14.38	14.76
Operating expenses:		
Employees' salaries	2.89	2.55
Occupancy	3.30	3.56
Delivery	0.88	0.82
Office and Stores Supplies	0.52	0.49
All other expenses	1.14	1.25
Total operating expenses	8.73	8.67
Net operating profit before deduction of proprietors' salaries and income tax	5.65	6.09

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores. They do not agree with ratios shown in historical tables.

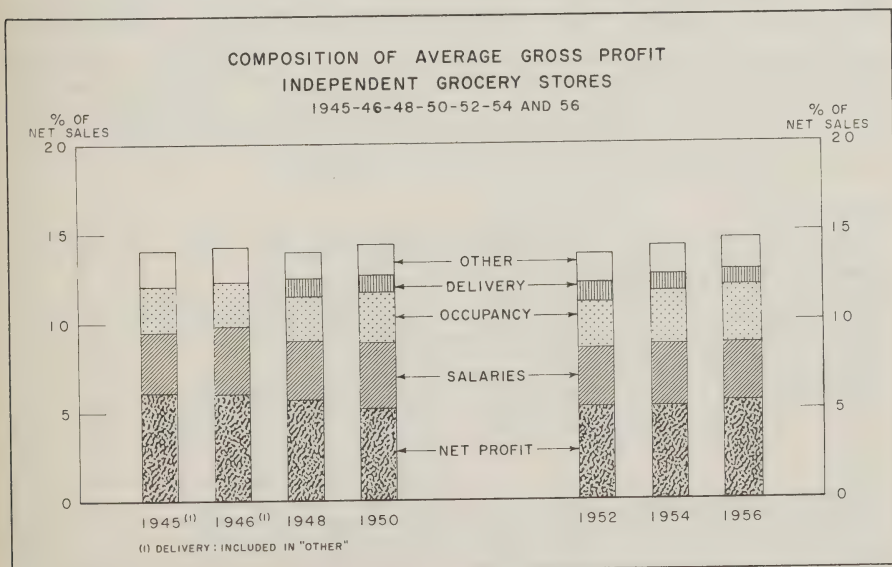


TABLE 6. Independent Grocery Stores — Operating Result by Annual Sales Volume and Occupancy Basis 1956

Item	Owned stores with annual net sales of					Rented stores with annual net sales of				
	Under \$10,000	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over	
Number of stores reporting	42	119	282	163	70	33	147	131	44	
Average net sales per store	\$ 6,648	15,180	34,054	69,753	157,197	16,307	33,893	68,755	153,253	
Average beginning inventory	\$ 1,180	2,522	3,826	6,515	13,262	1,505	2,845	4,546	9,441	
Average inventory, end of year	\$ 1,139	2,532	3,933	6,679	14,102	1,537	3,015	4,827	9,594	
Average cost of Goods sold	\$ 5,495	12,945	29,091	59,744	134,703	13,713	28,791	58,633	129,583	
Stock turnover (times per year)	4.76	5.12	7.50	9.06	9.85	9.02	9.83	12.51	13.62	
Profit and Loss Data (Per cent of net sales)										
Gross Profit	17.34	14.72	14.57	14.35	14.31	15.91	15.02	14.72	15.44	
Operating expenses:										
Executives' and employees' salaries and wages etc. (except delivery)	0.69	1.12	1.89	3.55	4.74	0.18	1.87	3.26	4.76	
Delivery	0.44	0.70	0.88	0.77	0.75	0.73	0.78	0.90	1.22	
Occupancy expenses:										
Taxes	1.40	0.87	0.62	0.45	0.30	0.41	0.28	0.20	0.18	
Insurance	0.53	0.45	0.35	0.31	0.28	0.22	0.21	0.23	0.19	
Rent	—	—	—	—	—	3.64	2.31	1.63	1.25	
Heat, light and power	2.06	1.58	0.91	0.66	0.48	1.15	0.77	0.57	0.42	
Repairs and maintenance	0.53	0.52	0.40	0.45	0.33	0.27	0.35	0.29	0.29	
Depreciation allowances	0.40	0.69	1.07	1.15	0.91	0.44	0.56	0.63	0.52	
Total occupancy expenses	4.92	4.10	3.35	3.02	2.30	6.13	4.48	3.55	2.86	
Office and store supplies	0.68	0.49	0.47	0.48	0.45	0.46	0.49	0.54	0.48	
Advertising	0.06	0.11	0.18	0.31	0.50	0.08	0.19	0.26	0.35	
Net loss on bad debts	0.34	0.21	0.14	0.13	0.16	0.13	0.10	0.13	0.10	
All other expenses	1.11	0.91	0.95	0.81	1.00	0.61	0.83	0.79	0.71	
Total operating expenses	8.24	7.64	7.86	9.07	9.90	8.37	8.54	9.43	10.47	
Net operating profit	9.10	7.08	6.71	5.28	4.41	7.54	6.48	5.29	4.97	
Non-trading income	2.46	1.80	0.89	0.65	0.27	1.50	0.65	0.21	0.19	
Non-trading expense	0.36	0.18	0.15	0.10	0.04	0.24	0.11	0.04	0.01	
Net profit before deduction of proprietors' salaries and income tax	11.20	8.70	7.45	5.83	4.64	8.80	7.02	5.46	5.15	

TABLE 7. Independent Grocery Stores — Owned — Financial Structure by Size and Age of business as at December 31, 1956

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
	(Average per store)									
Assets										
Current assets:										
Cash on hand and in bank	1,505	1,914	1,786	2,232	3,612	3,061	4,286	4,508	4,421	2,597
Accounts and notes receivable (net)	860	1,263	1,137	2,336	3,176	2,841	6,049	5,375	5,639	2,365
Merchandise inventory	4,051	4,161	4,127	6,439	7,090	6,831	13,028	15,257	14,385	6,539
Other current assets	526	742	674	652	828	758	714	1,109	954	743
Total current assets	6,942	8,080	7,724	11,659	14,706	13,491	24,077	26,249	25,399	12,244
Fixed assets (net):										
Used in the business	8,033	5,942	6,597	11,576	7,909	9,372	18,851	12,040	14,705	8,713
Not used in the business	993	1,742	1,508	1,520	1,433	1,467	969	3,628	2,588	1,655
Total fixed assets (net)	9,031	7,684	8,105	13,096	9,342	10,839	19,820	15,668	17,293	10,368
Other assets:										
Long term investments	1,198	990	1,055	380	485	443	213	190	199	727
Other assets	302	113	172	269	76	153	488	311	380	197
Total other assets	1,500	1,103	1,227	649	561	596	701	501	579	924
Total assets	17,473	16,867	17,056	25,404	24,609	24,926	44,598	42,418	43,271	23,336
Liabilities										
Current liabilities:										
Accounts and notes payable	1,226	1,480	1,400	2,896	3,252	3,110	10,626	8,077	9,074	3,102
Fixed liabilities:										
Mortgages on fixed assets used in business	1,258	599	805	2,177	1,602	1,831	6,551	2,802	4,270	1,657
Mortgages on fixed assets not used in business	65	317	238	238	219	227	50	1,334	831	322
Total fixed liabilities	1,323	916	1,043	2,415	1,821	2,058	6,601	4,136	5,101	1,979
Other liabilities	655	765	731	2,078	1,202	1,551	3,165	5,569	4,628	1,579
Total liabilities	3,204	3,161	3,174	7,389	6,275	6,719	20,392	17,782	18,803	6,660
Net worth/proprietor's or partners' equity in the business										
	14,269	13,706	13,882	18,015	18,334	18,207	24,206	24,636	24,468	16,876
Total liabilities and net worth	17,473	16,867	17,056	25,404	24,609	24,926	44,598	42,418	43,271	23,336
Average net sales of stores reporting	35,803	34,267	34,748	71,539	68,958	69,987	154,598	160,173	157,991	64,630
Number of stores reporting	76	167	243	61	92	153	27	42	69	465

TABLE 8. Independent Grocery Stores—Rented—Financial Structure by Size and Age of business as at December 31, 1956

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000—\$49,999			\$50,000—\$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(Average per store)										
Assets										
Current assets:										
Cash on hand and in bank	1,257	2,052	1,648	1,256	1,699	1,494	4,961	4,339	4,536	2,010
Accounts and notes receivable (net)	325	1,036	674	1,185	2,195	1,728	2,590	2,765	2,710	1,431
Merchandise inventory	2,940	2,954	2,947	4,679	4,754	4,719	10,129	9,251	9,529	4,689
Other current assets	73	303	186	124	290	214	540	900	786	287
Total current assets	4,595	6,345	5,455	7,244	8,938	8,135	18,220	17,255	17,561	8,417
Fixed assets (net):										
Used in the business	2,550	2,066	2,312	3,087	2,709	2,884	4,283	5,091	4,835	2,934
Not used in the business	207	2,287	1,229	638	3,376	2,111	5,190	5,818	5,619	2,261
Total fixed assets (net)	2,757	4,353	3,541	3,725	6,085	4,995	9,473	10,909	10,454	5,195
Other assets:										
Long term investments	85	359	220	13	398	220	5,599	1,603	2,870	614
Other assets	297	63	182	630	170	382	3,261	169	1,149	412
Total other assets	382	422	402	643	568	602	8,860	1,772	4,019	1,026
Total assets	7,734	11,120	9,398	11,612	15,591	13,752	36,553	29,936	32,034	14,638
Liabilities										
Current liabilities:										
Accounts and notes payable	675	1,098	883	2,240	2,162	2,199	4,558	4,248	4,346	1,965
Fixed liabilities:										
Mortgages on fixed assets used in business	189	167	178	540	157	333	450	580	539	299
Mortgages on fixed assets not used in business	51	867	452	137	1,505	873	725	418	515	643
Total fixed liabilities	240	1,034	630	677	1,662	1,206	1,175	998	1,054	942
Other liabilities	270	493	380	1,714	1,445	1,569	5,329	3,680	4,203	1,460
Total liabilities	1,185	2,625	1,893	4,631	5,269	4,974	11,062	8,926	9,603	4,367
Net worth: Proprietor's or partners' equity in the business	6,549	8,495	7,505	6,981	10,322	8,778	25,491	21,010	22,431	10,271
Total liabilities and net worth	7,734	11,120	9,398	11,612	15,591	13,752	36,553	29,936	32,034	14,638
Average net sales of stores reporting	35,445	33,815	34,644	69,209	68,741	68,958	144,011	159,764	154,769	67,283
Number of stores reporting	59	57	116	55	64	119	13	28	41	276

Independent Combination Stores

The independent combination stores survey includes only retail establishments selling mainly a combination of groceries and fresh meats, neither one constituting less than 15% of total net sales.

Unincorporated stores only are covered in this report and ratios and data are presented for profit and loss and balance sheet. Reports used in this study numbered 772 (469 owned and 303 rented stores). A smaller number of balance sheet reports were used due to the fact that the stores reporting to the two smallest sales-sizes were not required to submit such information. Results are shown by sales-size categories and, where possible a further breakdown was made in the balance sheet averages by number of years in business.

In compiling trade ratios for the "total, all sizes" the different sales-size ratios were combin-

ed by giving each size category its proper "weight" as obtained from the 1951 census. In this survey the reporting is generally better in the larger size stores so that any aggregate of reporting firms would show a ratio biased toward the characteristics of large store operation. The use of weighting gives proper importance to small store operations so that the ratios shown in the summary table 9 more truly represent the trade total.

Stores in 1956 operated on a higher gross profit, expressed as a percentage of net sales, than in 1954. Total operating expenses showed a slight decrease this survey and this, coupled with the marginal increase, resulted in a net gain in operating profit, standing at 4.75 per cent this year compared to 4.40 per cent last survey.

TABLE 9. Operating Results of Independent Combination Stores 1954 and 1956 Compared

Item	1954	1956
	(per cent of net sales)	
Gross profit	15.09	15.40
Operating expenses:		
Employees' salaries	4.75	4.38
Occupancy	2.93	3.10
Delivery	1.11	1.09
Office and store supplies	0.61	0.62
All other expenses	1.29	1.46
Total operating expenses	10.69	10.65
Net operating profit before deduction of proprietors' salaries and income tax	4.40	4.75

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales-sizes for independent stores. They do not agree with ratios shown in historical tables.

TABLE 10. Independent Combination Stores - Balance Sheet Ratios as at December 31

Item	Ow ned	Rented
Current ratio		
1948	2.18	2.47
1950	2.40	2.33
1952	2.68	2.37
1954	2.40	2.41
1956	3.03	2.94
Liquidity ratio		
1952	1.43	1.22
1954	1.20	1.24
1956	1.50	1.50
Working capital to net worth ratio		
1948	0.36	0.60
1950	0.40	0.53
1952	0.44	0.53
1954	0.41	0.55
1956	0.41	0.55
Worth debt ratio		
1948	2.56	2.17
1950	2.08	1.89
1952	2.31	1.67
1954	1.90	1.81
1956	2.13	1.85
Turnover of total capital employed		
1952	4.00	6.23
1954	3.89	6.20
1956	3.75	5.79

Note: See page 6 for definitions.

COMPOSITION OF AVERAGE GROSS PROFIT
INDEPENDENT COMBINATION STORES

1945-46-48-50-52-54 AND 56

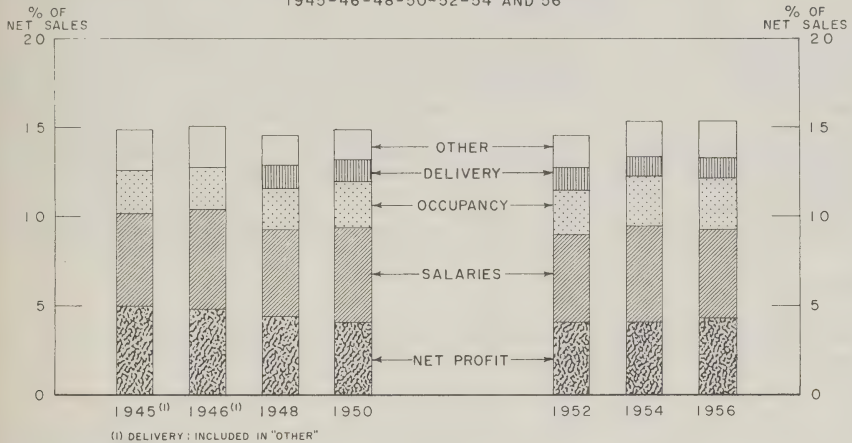


TABLE 11. Independent Combination Stores — Operating Results by Annual Sales Volume and Occupancy Basis 1956

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over
Number of stores reporting	30	134	153	146	8	61	109	125
Average net sales per store	\$ 16,277	\$ 35,089	\$ 72,857	\$ 182,477	\$ 15,768	\$ 36,863	\$ 71,321	\$ 176,219
Average beginning inventory	\$ 1,453	\$ 2,921	\$ 4,768	\$ 10,378	\$ 2,262	\$ 2,346	\$ 3,876	\$ 9,056
Average inventory, end of year	\$ 1,438	\$ 2,967	\$ 4,970	\$ 11,209	\$ 2,075	\$ 2,517	\$ 3,994	\$ 9,359
Average cost of goods sold	\$ 13,605	\$ 30,027	\$ 61,769	\$ 154,906	\$ 12,390	\$ 31,087	\$ 59,869	\$ 148,407
Stock turnover (times per year)	9.41	10.20	12.69	14.35	5.71	12.79	15.21	16.12
Profit and loss data (Per cent of net sales)								
Gross profit	16.42	14.42	15.21	15.11	21.42	15.67	16.06	15.78
Operating expenses:								
Executives' and employees' salaries and wages, etc. (except delivery)	0.83	2.03	4.35	5.76	0.45	2.50	4.43	5.80
Delivery	1.33	1.03	1.19	0.95	0.76	1.21	1.14	1.15
Occupancy expenses:								
Taxes	0.77	0.62	0.46	0.33	0.72	0.33	0.25	0.16
Insurance	0.36	0.33	0.27	0.26	0.42	0.22	0.23	0.22
Rent	—	—	—	—	3.25	1.97	1.42	0.96
Heat, light and power	1.27	0.99	0.72	0.48	1.09	0.74	0.56	0.39
Repairs and maintenance	0.60	0.51	0.46	0.40	0.32	0.39	0.38	0.33
Depreciation allowances	0.69	1.16	0.95	1.02	0.16	0.68	0.73	0.68
Total occupancy expenses	3.69	3.61	2.86	2.49	5.96	4.33	3.57	2.74
Office and store supplies	0.65	0.66	0.55	0.62	0.41	0.61	0.70	0.59
Advertising	0.10	0.17	0.39	0.54	0.27	0.22	0.35	0.54
Net loss on bad debts	0.18	0.11	0.11	0.13	0.09	0.24	0.08	0.07
All other expenses	1.15	1.12	0.82	0.91	1.56	1.03	0.89	0.92
Total operating expenses	7.93	8.73	10.27	11.40	9.50	10.14	11.16	11.61
Net operating profit	8.49	5.69	4.94	3.71	11.92	5.53	4.90	3.97
Non-trading income	1.59	0.53	0.50	0.47	—	0.09	0.25	0.16
Non-trading expense	0.37	0.04	0.11	0.19	0.31	0.02	0.08	0.05
Net profit before deduction of proprietors' salaries and income tax	9.71	6.18	5.33	3.99	11.61	5.60	5.07	4.08

TABLE 12. Independent Combination Stores—Owned—Financial Structure by Size and Age of Business as at December 31, 1956

Item	Stores with annual net sales of									Total all sizes \$20,000 and over	
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over				
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
(Average per store)											
Assets											
Current assets:											
Cash on hand and in bank	1,481	1,650	1,579	1,496	2,282	2,022	3,518	3,949	3,835	2,537	
Accounts and notes receivable (net)	1,380	1,025	1,175	2,497	2,603	2,568	4,264	5,892	5,459	3,197	
Merchandise inventory	2,438	3,088	2,814	4,765	5,053	4,958	10,069	11,598	11,192	6,556	
Other current assets	94	615	396	280	495	424	674	1,311	1,141	669	
Total current assets	5,393	6,378	5,964	9,038	10,433	9,972	18,525	22,750	21,627	12,959	
Fixed assets (net):											
Used in the business	8,783	6,649	7,548	10,704	8,739	9,389	22,892	17,967	19,276	12,362	
Not used in the business	3,005	2,008	2,429	3,332	3,177	3,228	3,421	6,375	5,590	3,837	
Total fixed assets (net)	11,792	8,657	9,977	14,036	11,916	12,617	26,313	24,342	24,866	16,199	
Other assets:											
Long term investments	387	1,433	993	580	590	587	1,302	2,187	1,952	1,183	
Other assets	—	88	50	385	197	259	824	1,125	1,045	478	
Total other assets	387	1,521	1,043	965	787	846	2,126	3,312	2,997	1,661	
Total assets	17,572	16,556	16,984	24,039	23,136	23,435	46,964	50,404	49,490	30,819	
Liabilities											
Current liabilities:											
Accounts and notes payable	1,100	1,215	1,167	2,629	3,203	3,013	10,062	7,352	8,072	4,280	
Fixed liabilities:											
Mortgages on fixed assets used in business	1,895	590	1,139	2,596	1,383	1,784	6,951	3,157	4,166	2,443	
Mortgages on fixed assets not used in business	351	441	403	1,672	789	1,082	1,576	1,576	1,382	997	
Total fixed liabilities	2,246	1,031	1,542	4,268	2,172	2,866	7,799	4,733	5,548	3,440	
Other liabilities	402	610	523	2,301	1,521	1,779	5,159	3,199	3,720	2,111	
Total liabilities	3,748	2,856	3,232	9,198	6,896	7,658	23,020	15,284	17,340	9,831	
Net worth: Proprietor's or partners' equity in the business	13,824	13,700	13,752	14,841	16,240	15,777	23,944	35,120	32,150	20,988	
Total liabilities and net worth	17,572	16,556	16,984	24,039	23,136	23,435	46,964	50,404	49,490	30,819	
Average net sales of stores reporting	37,730	33,533	35,300	70,004	74,000	72,677	194,712	178,633	182,966	101,076	
Number of stores reporting	48	66	114	49	99	148	38	105	143	405	

TABLE 13. Independent Combination Stores—Rented—Financial Structure by Size and Age of Business as at December 31, 1956

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(Average per store)										
Assets										
Current assets:										
Cash on hand and in bank	1,048	1,184	1,128	1,561	2,649	2,121	3,243	4,753	4,010	2,738
Accounts and notes receivable (net)	839	866	855	1,486	2,181	1,843	4,008	5,556	4,846	2,944
Merchandise inventory	2,817	2,259	2,488	3,293	4,512	3,921	9,304	9,437	9,372	5,993
Other current assets	109	646	425	134	384	263	192	1,612	914	578
Total current assets	4,813	4,955	4,896	6,474	9,726	8,148	16,747	21,458	19,142	12,253
Fixed assets (net):										
Used in the business	2,645	2,397	2,499	4,896	3,380	4,115	7,815	7,811	7,813	5,391
Not used in the business	1,661	727	1,111	1,697	4,078	2,923	3,362	6,774	5,097	3,498
Total fixed assets (net)	4,306	3,124	3,610	6,593	7,458	7,038	11,177	14,585	12,910	8,889
Other assets:										
Long term investments	618	334	451	50	1,130	606	1,095	2,126	1,619	1,013
Other assets	204	—	84	563	466	513	704	578	640	482
Total other assets	822	334	535	613	1,596	1,119	1,799	2,704	2,259	1,495
Total assets	9,941	8,413	9,041	13,680	18,780	16,305	29,723	38,747	34,311	22,637
Liabilities										
Current liabilities:										
Accounts and notes payable	1,116	1,010	1,054	2,915	2,274	2,585	6,964	6,974	6,969	4,174
Fixed liabilities:										
Mortgages on fixed assets used in business	205	21	97	1,171	240	692	1,961	1,637	1,796	1,050
Mortgages on fixed assets not used in business	1,122	91	514	745	1,813	1,295	1,620	1,033	1,322	1,149
Total fixed liabilities	1,327	112	611	1,916	2,053	1,987	3,581	2,670	3,118	2,199
Other liabilities	304	391	355	1,259	1,482	1,373	2,463	2,191	2,325	1,580
Total liabilities	2,747	1,513	2,020	6,090	5,809	5,945	13,008	11,835	12,412	7,953
Net worth: Proprietor's or partners' equity in the business	7,194	6,900	7,021	7,590	12,971	10,360	16,715	26,912	21,899	14,684
Total liabilities and net worth	9,941	8,413	9,041	13,680	18,780	16,305	29,723	38,747	34,311	22,637
Average net sales of stores reporting	38,173	36,739	37,328	72,435	70,927	71,658	186,692	169,728	178,069	110,816
Number of stores reporting	23	33	56	49	52	101	59	61	120	277

Independent Meat Markets

The survey of independent meat markets includes retail establishments selling mainly fresh meats; dry groceries if carried must not be in excess of 15% of the total trade.

Unincorporated stores only are covered in this report and ratios and data are presented for profit and loss and balance sheet. Reports used in this study numbered 273 (104 owned and 169 rented stores). A smaller number of balance sheet reports were used due to the fact that the stores reporting to the two smallest sales-sizes were not required to submit such information. Results are shown by sales-size categories and, where possible, a further breakdown was made in the balance sheet averages by number of years in business.

In compiling trade ratios for the "total, all sizes" the different sales-size ratios were combi-

ned by giving each size category its proper "weight" as obtained from the 1951 census. In this survey the reporting is generally better in the larger size stores so that any aggregate of reporting firms would show a ratio biased toward the characteristics of large store operation. The use of weighting gives proper importance to small store operations so that the ratios shown in the summary Table 15 more truly represent the trade total.

Stores in 1956 operated on a higher gross profit, expressed as a percentage of net sales, than in 1954. Total operating expenses showed a slight increase this survey thereby reducing the marginal profit to a certain extent. There was a net operating profit gain of 6.88 per cent this survey compared to 6.37 in 1954.

TABLE 14. Independent Meat Markets — Balance Sheet Ratios as at December 31

Item		Owned	Rented
Current ratio	1948	2.36	2.13
	1950	2.04	1.94
	1952	2.76	2.47
	1954	2.43	2.33
	1956	3.07	2.46
Liquidity ratio	1952	2.21	2.00
	1954	1.88	1.88
	1956	2.43	2.02
Working capital to net worth ratio	1948	0.26	0.49
	1950	0.26	0.46
	1952	0.33	0.56
	1954	0.32	0.43
	1956	0.37	0.49
Worth debt ratio	1948	3.13	2.04
	1950	2.22	1.59
	1952	3.12	2.15
	1954	2.06	2.11
	1956	2.72	2.29
Turnover of total capital employed	1952	3.92	7.53
	1954	3.99	6.58
	1956	3.63	6.71

Note: See page 6 for definitions.

TABLE 15. Operating Results of Independent Meat Markets 1954 and 1956 Compared

Item	1954	1956
	(per cent of net sales)	
Gross profit	18.90	19.61
Operating expenses:		
Employees' salaries	5.53	5.47
Occupancy	3.37	3.48
Delivery	1.35	1.30
Office and stores supplies	0.94	1.00
All other expenses	1.34	1.48
Total operating expenses	12.53	12.73
Net operating profit before deduction of proprietors' salaries and income tax	6.37	6.88

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales-sizes for independent stores. They do not agree with ratios shown in historical tables.

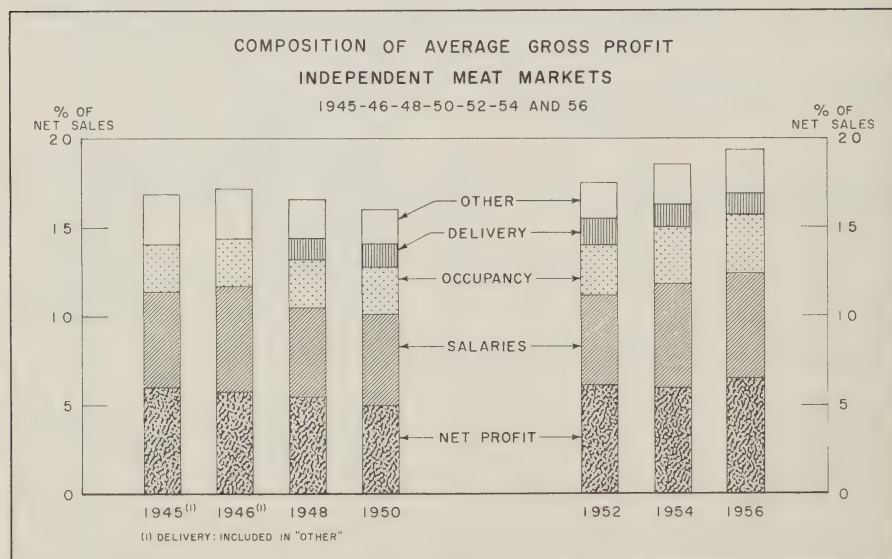


TABLE 16. Independent Meat Markets - Operating Results by Annual Sales Volume and Occupancy Basis 1956

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000- and over	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000- and over
Number of stores reporting.....	15	24	38	24	16	55	68	30
Average net sales per store.....	\$ 15,910	\$ 32,751	\$ 69,041	\$ 141,730	\$ 15,511	\$ 34,283	\$ 69,622	\$ 187,003
Average beginning inventory.....	512	1,183	1,586	3,478	437	881	1,352	2,797
Average inventory, end of year.....	526	1,119	1,741	3,814	303	617	1,351	2,480
Average cost of goods sold.....	\$ 12,687	\$ 25,963	\$ 54,443	\$ 114,822	\$ 12,145	\$ 27,563	\$ 55,667	\$ 153,850
Stock turnover (times per year).....	24.45	22.56	32.71	31.49	32.82	46.01	41.19	58.31
Profit and Loss Data (per cent of net sales)								
Gross profit	20.25	20.72	21.14	18.99	21.70	19.62	20.04	17.73
Operating expenses:								
Executives' and employees' salaries and wages etc. (except delivery).....	0.83	4.14	5.64	7.68	1.50	2.65	5.84	6.66
Delivery.....	2.45	1.74	1.28	1.34	1.36	1.24	1.19	0.96
Occupancy expenses:								
Taxes.....	0.71	0.79	0.54	0.37	0.37	0.21	0.19	0.12
Insurance.....	0.45	0.38	0.28	0.23	0.21	0.13	0.21	0.15
Rent.....	—	—	—	—	3.36	2.93	1.56	1.09
Heat, light and power.....	1.36	1.37	0.85	0.57	1.36	0.73	0.55	0.28
Repairs and maintenance.....	0.62	0.63	0.61	0.54	0.52	0.44	0.47	0.26
Depreciation allowances.....	1.07	1.34	1.26	0.93	0.63	0.75	0.77	0.39
Total occupancy expenses	4.21	4.51	3.54	2.64	6.96	4.59	3.75	2.29
Office and store supplies.....	1.09	0.92	1.00	1.03	0.96	0.96	1.00	1.05
Advertising.....	0.10	0.16	0.22	0.38	0.14	0.19	0.25	0.20
Net loss on bad debts.....	0.16	0.15	0.05	0.08	0.01	0.04	0.08	0.13
All other expenses.....	0.97	1.32	1.31	0.94	1.38	1.36	1.15	1.01
Total operating expenses	9.81	12.94	13.04	14.09	12.31	11.03	13.26	12.30
Net operating profit	10.44	7.78	8.10	4.90	9.39	8.59	6.78	5.43
Non-trading income.....	—	0.86	0.72	0.81	0.09	0.21	0.08	0.22
Non-trading expense.....	0.23	0.21	0.14	0.39	—	0.12	0.02	0.07
Net profit before deduction of proprietors' salaries and income tax	10.21	8.43	8.68	5.32	9.48	8.68	6.84	5.58

TABLE 17. Independent Meat Markets - Owned - Financial Structure by Size and Age of business as at December 31, 1956

Item	Stores with annual net sales of						\$100,000 and over	Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999				
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
(Average per store)								
Assets								
Current assets:								
Cash on hand and in bank	666	1,286	1,080	3,450	5,672	4,910	5,538	4,093
Accounts and notes receivable (net)	989	2,030	1,683	1,886	2,187	2,084	4,758	2,781
Merchandise inventory	1,053	1,059	1,056	2,220	1,598	1,811	3,606	2,152
Other current assets	—	504	336	4	2,213	1,456	2,232	1,394
Total current assets	2,708	4,879	4,155	7,560	11,670	10,261	16,134	10,420
Fixed assets (net):								
Used in the business	5,677	5,387	5,484	16,186	8,118	10,884	14,351	10,506
Not used in the business	1,175	4,889	3,651	1,407	4,524	3,455	2,413	3,194
Total fixed assets (net)	6,852	10,276	9,135	17,593	12,642	14,339	16,764	13,700
Other asset :	—	—	—	—	855	562	3,339	1,248
Long term investments	—	—	—	—	70	193	579	394
Other assets	228	660	516	430	925	755	3,918	1,642
Total other assets	228	660	516	430	925	755	3,918	1,642
Total assets	9,788	15,815	13,806	25,583	25,237	25,355	36,816	25,762
Liabilities								
Current liabilities:								
Accounts and notes payable	745	847	813	3,947	1,915	2,612	6,804	3,397
Fixed liabilities:								
Mortgages on fixed assets used in business	1,714	1,211	1,379	3,886	1,810	2,522	1,283	1,850
Mortgages on fixed assets not used in business	—	2,271	1,514	1,167	883	980	250	901
Total fixed liabilities	1,714	3,482	2,893	5,053	2,693	3,502	1,533	2,751
Other liabilities	252	594	480	410	570	515	1,386	768
Total liabilities	2,711	4,923	4,186	9,410	5,178	6,629	9,723	6,916
Net worth: proprietor's or partners' equity in the business	7,077	10,892	9,620	16,173	20,059	18,726	27,093	18,846
Total liabilities and net worth	9,788	15,815	13,806	25,583	25,237	25,355	36,816	25,762
Average net sales of stores reporting	29,313	35,177	33,222	72,387	68,859	70,069	141,730	81,895
Number of stores reporting	7	14	21	12	23	35	24	80

TABLE 18. Independent Meat Markets - Rented - Financial Structure by Size and Age of Business as at December 31, 1956

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000 — \$49,999			\$50,000 — \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(Average per store)										
Assets										
Current assets:										
Cash on hand and in bank	1,062	1,384	1,179	2,321	3,739	3,052	8,527	7,144	7,669	3,380
Accounts and notes receivable (net)	826	763	803	956	2,044	1,517	11,368	4,129	6,875	2,387
Merchandise inventory	690	558	642	977	1,733	1,367	2,473	2,567	2,531	1,365
Other current assets	260	339	288	142	446	299	1,554	1,328	1,413	526
Total current assets	2,838	3,044	2,912	4,396	7,962	6,235	23,922	15,168	18,488	7,658
Fixed assets (net):										
Used in the business	2,550	1,789	2,275	4,194	3,941	4,063	8,117	6,065	6,843	4,038
Not used in the business	437	1,416	791	678	779	730	2,748	2,407	2,537	1,125
Total fixed assets (net)	2,987	3,205	3,066	4,872	4,720	4,793	10,865	8,472	9,380	5,163
Other assets:										
Long term investments	251	635	390	—	432	223	53	454	302	296
Other assets	164	317	220	223	216	219	1,564	519	915	363
Total other assets	415	952	610	223	648	442	1,617	973	1,217	659
Total assets	6,240	7,201	6,588	9,491	13,330	11,470	36,404	24,613	29,085	13,480
Liabilities										
Current liabilities:										
Accounts and notes payable	1,211	645	1,007	1,822	2,766	2,309	9,055	7,813	8,284	3,109
Fixed liabilities:										
Mortgages on fixed assets used in business	34	—	21	451	61	249	—	700	435	211
Mortgages on fixed assets not used in business	—	173	63	210	—	102	—	1,108	687	210
Total fixed liabilities	34	173	84	661	61	351	—	1,808	1,122	421
Other liabilities	391	294	356	91	540	323	3,710	111	1,476	573
Total liabilities	1,636	1,112	1,447	2,574	3,367	2,983	12,765	9,732	10,882	4,103
Net worth: proprietor's or partners' equity in the business										
	4,604	6,089	5,141	6,917	9,963	8,487	23,639	14,881	18,203	9,377
Total liabilities and net worth	6,240	7,201	6,588	9,491	13,330	11,470	36,404	24,613	29,085	13,480
Average net sales of stores reporting	34,627	34,972	34,752	66,359	73,949	70,273	213,650	173,610	188,798	82,899
Number of stores reporting	30	17	47	31	33	64	11	18	29	140

Independent Fruit and Vegetable Stores

The survey of independent fruit and vegetable stores includes only retail establishments selling mainly fresh fruit and fresh vegetables; their combined sales should constitute at least 50% of total net sales. Stores with a combined ratio of 40% fruit and vegetables and groceries were also included, but fruit and vegetables must predominate; other goods carried would be candy and confectionery, ice cream, tobacco, magazines, etc.

Unincorporated stores only are covered in this report and ratios and data are presented for profit and loss and balance sheet. Reports used in this study numbered 165 (56 owned and 109 rented stores). A smaller number of balance sheet reports were used due to the fact that the stores reporting in the two smallest sales-sizes were not required to submit such information. Results are shown by sales-size categories and, where possible, a further breakdown was made in the balance sheet averages by number of years in business.

In compiling trade ratios for the "total, all sizes" the different sales-size ratios were combined by giving each size category its proper "weight" as obtained from the 1951 census. In this survey the reporting is generally better in the larger size stores so that any aggregate of reporting firms would show a ratio biased toward the characteristics of large store operation. The use of weighting gives proper importance to small store operations so that the ratios showed in the summary table 19 more truly represent the trade total.

Stores in 1956 operated on a higher gross profit, expressed as a percentage of net sales, than in 1954. Total operating expenses showed a slight decrease this survey and this coupled with the marginal increase resulted in a net gain in operating profit, which rose from 5.95 per cent last survey to 7.32 per cent this year.

TABLE 19. Operating Results of Independent Fruit and Vegetable Stores 1954 and 1956 Compared

Item	1954	1956
	(per cent of net sales)	
Gross profit	18.42	19.39
Operating expenses:		
Employees' salaries	4.35	3.94
Occupancy	4.46	4.69
Delivery	1.46	1.34
Office and stores supplies	1.06	0.97
All other expenses	1.14	1.13
Total operating expenses	12.47	12.07
Net operating profit before deduction of proprietors' salaries and income tax	5.95	7.32

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales-sizes for independent stores. They do not agree with ratios shown in historical tables.

TABLE 20. Independent Fruit and Vegetable Stores — Balance Sheet Ratios as at December 31

Item	Owned	Rented
Current ratio		
1948	2.45	2.84
1950	4.12	2.48
1952	5.27	2.69
1954	2.80	2.66
1956	4.77	3.43
Liquidity ratio		
1952	3.21	1.36
1954	1.75	1.17
1956	2.53	2.24
Working capital to net worth ratio		
1948	0.24	0.63
1950	0.31	0.43
1952	0.36	0.55
1954	0.28	0.55
1956	0.33	0.52
Worth debt ratio		
1948	3.33	2.63
1950	4.55	2.56
1952	4.76	2.64
1954	3.21	2.36
1956	2.77	2.70
Turnover of total capital employed		
1952	4.10	8.23
1954	3.95	7.46
1956	3.50	5.63

Note: See page 6 for definitions.

COMPOSITION OF AVERAGE GROSS PROFIT INDEPENDENT FRUIT AND VEGETABLE STORES

1945-46-48-50-52-54 AND 56

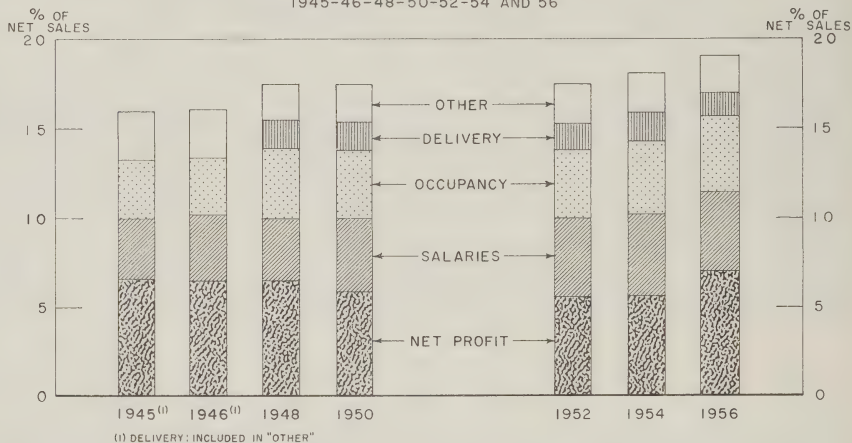


TABLE 21. Independent Fruit and Vegetable Stores — Operating Results by Annual Sales Volume and Occupancy Basis 1956

Item	Owned stores with annual net sales of			Rented stores with annual net sales of			
	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$10,000- \$19,999	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over
Number of stores reporting	10	26	14	14	42	40	13
Average net sales per store	\$ 15,751	\$ 32,668	\$ 74,918	\$ 16,052	\$ 32,970	\$ 69,776	\$ 144,029
Average beginning inventory	1,156	1,826	3,082	921	1,461	3,161	3,633
Average inventory, end of year	1,219	2,142	3,626	935	1,652	3,246	4,472
Average cost of goods sold	\$ 12,385	\$ 26,882	\$ 63,451	\$ 11,995	\$ 26,087	\$ 56,110	\$ 118,360
Stock turnover (times per year)	10.43	13.55	18.92	12.93	16.76	17.52	28.71
Profit and loss data (per cent of net sales)							
Gross profit	21.37	17.71	15.31	25.27	20.88	19.59	19.21
Operating expenses:							
Executives' and employees' salaries and wages etc. (except delivery)	0.48	2.90	4.58	2.17	3.11	4.83	4.77
Delivery	1.21	1.54	1.36	1.51	1.44	1.12	1.29
Occupancy expenses:							
Taxes	1.92	0.86	0.56	0.41	0.40	0.29	0.21
Insurance	0.73	0.39	0.30	0.33	0.30	0.25	0.23
Rent	—	—	—	5.78	3.38	2.83	1.51
Heat, light and power	1.55	0.81	0.67	1.11	0.90	0.60	0.30
Repairs and maintenance	0.61	0.46	0.44	0.54	0.48	0.36	0.24
Depreciation allowances	0.98	1.15	1.18	0.34	0.59	0.70	0.64
Total occupancy expenses	5.79	3.67	3.15	8.51	6.05	5.03	3.19
Office and store supplies	0.91	0.66	1.04	1.07	0.94	1.02	0.99
Advertising	0.03	0.17	0.24	0.16	0.16	0.17	0.07
Net loss on bad debts	—	0.03	0.01	—	0.03	0.01	0.02
All other expenses	1.28	1.11	0.92	1.20	0.83	0.91	0.98
Total operating expenses	9.70	10.08	11.30	14.62	12.56	13.09	11.31
Net operating profit	11.67	7.63	4.01	10.65	8.32	6.50	7.90
Non-trading income	2.53	0.99	—	0.81	0.32	0.18	0.34
Non-trading expense	0.66	0.02	—	—	0.20	0.03	0.14
Net profit before deduction of proprietors' salaries and income tax	13.54	8.60	4.01	11.46	8.44	6.65	8.10

TABLE 22. Independent Fruit and Vegetable Stores — Owned — Financial Structure by Size and Age of Business as at December 31, 1956

Item	Stores with annual net sales of		Total all sizes \$20,000 and over
	\$20,000- \$49,999	\$50,000- \$99,999	
	(Average per store)		
Assets			
Current assets:			
Cash on hand and in bank	2,091	2,075	2,639
Accounts and notes receivable (net)	295	339	281
Merchandise inventory	2,583	3,680	3,514
Other current assets	1,100	640	1,031
Total current assets	6,069	6,734	7,465
Fixed assets (net):			
Used in the business	7,680	12,848	12,114
Not used in the business	3,860	6,971	4,431
Total fixed assets (net)	11,540	19,819	16,545
Other assets:			
Long term investments	26	—	537
Other assets	105	77	89
Total other assets	131	77	626
Total assets	17,740	26,630	24,636
Liabilities			
Current liabilities:			
Accounts and notes payable	774	1,781	1,564
Fixed liabilities:			
Mortgages on fixed assets used in business	1,273	3,039	2,217
Mortgages on fixed assets not used in business	443	3,489	1,639
Total fixed liabilities	1,716	6,528	3,856
Other liabilities	144	2,254	1,114
Total liabilities	2,634	10,563	6,534
Net worth: proprietor's or partners' equity in the business	15,106	16,067	18,102
Total liabilities and net worth	17,740	26,630	24,636
Average net sales of stores reporting	35,270	75,861	70,762
Number of stores reporting	19	13	37

TABLE 23. Independent Fruit and Vegetable Stores — Rented — Financial Structure by Size and Age of Business as at December 31, 1956

Item	Stores with annual net sales of							Total all sizes \$20,000 and over
	\$20,000 — \$49,999			\$50,000 — \$99,999			\$100,000 and over	
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
	(Average per store)							
Assets								
Current assets:								
Cash on hand and in bank	774	606	707	2,810	4,781	3,759	6,206	2,905
Accounts and notes receivable (net)	560	401	496	428	289	361	1,023	542
Merchandise inventory	1,508	1,582	1,537	3,300	1,630	2,496	4,472	2,452
Other current assets	25	—	15	61	4,440	2,169	1,672	1,154
Total current assets	2,867	2,589	2,755	6,599	11,140	8,785	13,373	7,053
Fixed assets (net):								
Used in the business	2,275	1,676	2,036	4,805	2,277	3,588	3,510	2,908
Not used in the business	366	1,178	691	179	—	93	4,554	1,177
Total fixed assets (net)	2,641	2,854	2,727	4,984	2,277	3,681	8,064	4,085
Other assets:								
Long term investments	125	1,050	495	36	7,676	3,714	—	1,645
Other assets	113	—	68	575	507	543	1,358	491
Total other assets	238	1,050	563	611	8,183	4,257	1,358	2,136
Total assets	5,746	6,493	6,045	12,194	21,600	16,723	22,795	13,274
Liabilities								
Current liabilities:								
Accounts and notes payable	1,683	312	1,134	2,147	2,551	2,342	3,597	2,057
Fixed liabilities:								
Mortgages on fixed assets used in business	348	152	270	1,236	—	641	—	363
Mortgages on fixed assets not used in business	—	—	—	—	—	—	529	98
Total fixed liabilities	348	152	270	1,236	—	641	529	461
Other liabilities	561	675	607	1,602	690	1,162	1,942	1,069
Total liabilities	2,592	1,139	2,011	4,985	3,241	4,145	6,068	3,587
Net worth: proprietor's or partners' equity in the business	3,154	5,354	4,034	7,209	18,359	12,578	16,727	9,687
Total liabilities and net worth	5,746	6,493	6,045	12,194	21,600	16,723	22,795	13,274
Average net sales of stores reporting	34,176	33,848	34,045	73,959	64,226	69,272	144,029	68,058
Number of stores reporting	18	12	30	14	13	27	13	70

Independent Confectionery Stores

The survey of independent confectionery stores includes retail establishments selling mainly candy and confectionery, soft drinks, soda fountain products and ice cream to the extent of at least 50% of total net sales. Other items sold such as light lunches should not constitute more than 40% of total net sales nor should sales of groceries and fresh fruit and vegetables.

Unincorporated stores only are covered in this report and ratios and data are presented for profit and loss and balance sheet. Reports used in this study numbered 236 (117 owned and 119 rented stores). A smaller number of balance sheet reports were used due to the fact that the stores reporting to the two smallest sales sizes were not required to submit such information. Results are shown by sales-size categories and, where possible, a further breakdown was made in the balance sheet averages by number of years in business.

In compiling trade ratios for the "total, all sizes" the different sales-size ratios were combined by giving each size category its proper "weight" as obtained from the 1951 census. In this survey the reporting is generally better in the larger size stores so that any aggregate of reporting firms would show a ratio biased toward the characteristics of large store operation. The use of weighting gives proper importance to small store operations so that the ratios shown in the summary Table 25 more truly represent the trade total.

Stores in 1956 operated on a higher gross profit, expressed as a percentage of net sales, than in 1954. Total operating expenses showed a slight increase this survey thereby reducing the marginal profit. There was a final net operating profit gain, however, amounting to 7.97 per cent this survey compared to 7.34 in 1954.

TABLE 24. Independent Confectionery Stores — Balance Sheet Ratios as at December 31

Item		Owned	Rented
Current ratio	1948	3.28	2.93
	1950	2.34	3.37
	1952	2.74	3.43
	1954	2.54	2.18
	1956	2.62	3.14
Liquidity ratio.....	1952	1.17	1.77
	1954	1.07	0.93
	1956	1.41	1.49
Working capital to net worth ratio	1948	0.42	0.59
	1950	0.35	0.60
	1952	0.28	0.47
	1954	0.28	0.41
	1956	0.26	0.48
Worth debt ratio	1948	2.70	2.70
	1950	1.96	3.23
	1952	2.49	2.64
	1954	2.92	1.95
	1956	2.25	2.16
Turnover of total capital employed	1952	3.04	5.40
	1954	3.02	6.41
	1956	2.51	4.73

Note: See page 6 for definitions.

TABLE 25. Operating Results of Independent Confectionery Stores 1954 and 1956 Compared

Item	1954	1956
	(per cent of net sales)	
Gross profit	17.57	18.98
Operating expenses:		
Employees' salaries	2.79	3.20
Occupancy	5.60	5.82
Delivery	0.20	0.16
Office and Stores Supplies	0.43	0.47
All other expenses	1.21	1.36
Total operating expenses	10.23	11.01
Net operating profit before deduction of proprietors' salaries and income tax	7.34	7.97

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales-sizes for independent stores. They do not agree with ratios shown in historical tables.

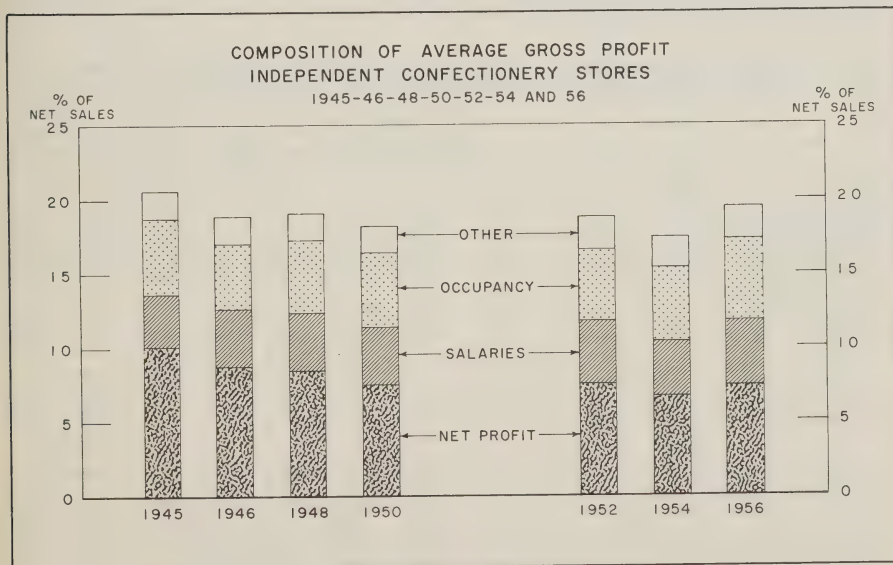


TABLE 26. Independent Confectionery Stores — Operating Results, by Annual Sales Volume and Occupancy Basis 1956

Item	Owned stores with annual net sales of				Rented stores with annual net sales of			
	Under \$10,000	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	Under \$10,000	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999
Number of stores reporting	19	31	47	20	8	39	53	19
Average net sales per store	6,509	15,785	33,658	68,051	7,445	15,179	33,845	68,399
Average beginning inventory	910	1,575	2,148	3,330	1,197	1,191	2,101	4,370
Average inventory, end of year	933	1,588	2,309	3,047	1,191	1,149	2,221	5,065
Average cost of goods sold	5,353	12,961	27,593	52,701	5,460	12,083	27,524	55,359
Stock turnover (times per year)	5.81	8.19	12.38	16.53	4.57	10.33	12.74	11.74
Profit and Loss Data (Per cent of net sales)								
Gross profit	17.76	17.89	18.02	22.56	26.66	20.39	18.68	19.06
Operating expenses:								
Executives' & employees' salaries and wages etc.	2.04	2.68	4.15	7.85	0.09	1.18	2.91	5.46
Delivery	—	0.12	0.35	0.27	—	0.11	0.11	0.12
Occupancy expenses:								
Taxes	1.37	1.06	0.92	1.01	1.47	0.59	0.29	0.20
Insurance	0.67	0.46	0.38	0.48	0.41	0.31	0.26	0.24
Rent	—	—	—	—	6.90	3.94	2.75	1.96
Heat, light and power	2.73	2.10	1.37	1.57	3.57	1.86	0.93	0.77
Repairs and maintenance	1.23	0.88	0.50	0.94	0.25	0.54	0.44	0.52
Depreciation allowances	0.99	1.21	1.19	1.77	0.05	0.46	0.99	0.83
Total occupancy expenses	6.99	5.71	4.36	5.77	12.65	7.70	5.66	4.52
Office and store supplies	0.33	0.38	0.45	0.73	0.40	0.47	0.50	0.54
Advertising	0.14	0.14	0.21	0.29	0.18	0.22	0.17	0.23
Net loss on bad debts	0.07	0.06	0.02	0.03	—	0.19	0.01	—
All other expenses	1.25	0.96	1.19	1.97	0.74	1.07	1.04	1.04
Total operating expenses	10.82	10.05	10.73	16.91	14.06	10.94	10.40	11.91
Net operating profit	6.94	7.84	7.29	5.65	12.60	9.45	8.28	7.15
Non-trading income	2.79	0.68	1.17	2.28	—	0.42	0.11	0.15
Non-trading expense	0.03	0.17	0.16	0.51	—	0.19	0.03	0.05
Net profit before deduction of proprietors' salaries and income tax	9.70	8.35	8.30	7.42	12.60	9.68	8.36	7.25

TABLE 27. Independent Confectionery Stores — Owned — Financial Structure by Size and Age of business as at December 31, 1956

Item	Stores with annual net sales of						Total all sizes \$20,000 \$99,999
	\$20,000-\$49,999			\$50,000-\$99,999			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
(Average per store)							
Assets							
Current assets:							
Cash on hand and in bank	546	1,689	1,244	3,023	4,231	3,687	2,117
Accounts and notes receivable (net)	80	167	133	255	1,286	826	381
Merchandise inventory	2,194	2,880	2,614	2,833	3,173	3,020	2,759
Other current assets	367	1,437	1,021	176	91	129	702
Total current assets	3,187	6,173	5,012	6,297	8,781	7,662	5,959
Fixed assets (net):							
Used in the business	7,045	8,569	7,977	18,421	18,795	18,627	11,780
Not used in the business	751	1,734	1,351	1,524	2,917	2,290	1,687
Total fixed assets (net)	7,796	10,303	9,328	19,945	21,712	20,917	13,467
Other assets:							
Long term investments	—	1,805	1,103	632	1,384	1,046	1,082
Other assets	64	68	67	43	636	370	175
Total other assets	64	1,873	1,170	675	2,020	1,416	1,257
Total assets	11,047	18,349	15,510	26,917	32,513	29,995	20,683
Liabilities							
Current liabilities:							
Accounts and notes payable	832	1,058	971	2,693	6,206	4,625	2,276
Fixed liabilities:							
Mortgages on fixed assets used in business	1,970	1,305	1,563	6,035	2,688	4,195	2,503
Mortgages on fixed assets not used in business	57	129	101	389	243	308	175
Total fixed liabilities	2,027	1,434	1,664	6,424	2,931	4,503	2,678
Other liabilities	143	1,227	805	3,478	1,606	2,448	1,392
Total liabilities	3,002	3,719	3,440	12,595	10,743	11,576	6,366
Net worth: proprietor's or partners' equity in the business	8,045	14,630	12,070	14,322	21,770	18,419	14,337
Total liabilities and net worth	11,047	18,349	15,510	26,917	32,513	29,995	20,683
Average net sales of stores reporting	33,028	38,262	36,227	69,308	67,023	68,051	47,593
Number of stores reporting	14	22	36	9	11	20	56

TABLE 28. Independent Confectionery Stores - Rented - Financial Structure by Size and Age of business as at December 31, 1956

Item	Stores with annual net sales of				Total all sizes \$20,000- \$99,999
	\$20,000-\$49,999			\$50,000- \$99,999	
	Under 10 years	10 years and over	Total		
(Average per store)					
Assets					
Current assets:					
Cash on hand and in bank	678	2,204	1,459	2,044	1,631
Accounts and notes receivable (net)	150	156	153	1,179	456
Merchandise inventory	2,333	2,157	2,243	4,131	2,800
Other current assets	75	1,140	620	36	448
Total current assets	3,236	5,657	4,475	7,390	5,335
Fixed assets (net):					
Used in the business	2,141	2,149	2,145	4,414	2,815
Not used in the business	1,222	2,010	1,625	1,508	1,590
Total fixed assets (net)	3,363	4,159	3,770	5,922	4,405
Other assets:					
Long term investments	990	13	490	687	548
Other assets	573	141	352	1,800	780
Total other assets	1,563	154	842	2,487	1,328
Total assets	8,162	9,970	9,087	15,799	11,068
Liabilities					
Current liabilities:					
Accounts and notes payable	1,229	928	1,075	3,181	1,697
Fixed liabilities:					
Mortgages on fixed assets used in business	677	—	331	952	514
Mortgages on fixed assets not used in business	276	665	475	723	548
Total fixed liabilities	953	665	806	1,675	1,062
Other liabilities	557	457	506	1,329	749
Total liabilities	2,739	2,050	2,387	6,185	3,508
Net worth proprietor's or partners' equity in the business	5,423	7,920	6,700	9,614	7,560
Total liabilities and net worth	8,162	9,970	9,087	15,799	11,068
Average net sales of stores reporting	36,729	32,741	34,689	69,053	44,829
Number of stores reporting	21	22	43	18	61

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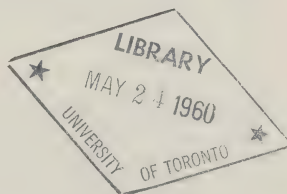
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OPERATING RESULTS AND FINANCIAL STRUCTURE RETAIL FOOD STORES

1958

(Independent)



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63-413	Operating Results and Financial Structure of Independent Jewellery Stores.....	.50
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63-415	Operating Results and Financial Structure of Independent Tobacco Stores.....	.50

Other occasional reports and 1951 Census reports on retail trade are shown in a complete list of publications of the Dominion Bureau of Statistics which is available on request from the Information Services Division, D.B.S., or from the Queen's Printer, Ottawa.

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OPERATING RESULTS AND FINANCIAL STRUCTURE RETAIL FOOD STORES

1958

(Independent)

INTRODUCTION

This report is a continuation of the policy to publish operating results and financial structure of selected trades primarily as a guide for retailers. It covers unincorporated independent retailers — chain stores are surveyed in the alternate year. The averages and ratios that are shown can be used as a standard against which businessmen can compare their own operating experience. The pattern of these ratios are compiled by sales-size ranges and in the case of balance sheet averages, by age of business whenever possible. Such a stratification permits more direct analysis of the operating results by users. It should be borne in mind, however, that these ratios and averages do not represent top performance guides. They are the "average" of a broad range of operational efficiencies.

While this report is similar to the previous operating results reports issued for these trades, some slight modifications in the presentation have been made. The historical series on profit and loss ratios show results from 1952 on a biennial basis rather than just for two years; detailed expense ratios are also shown for "total, all sizes" where formerly they were shown for only the separate sales-size categories. These "total-trade" ratios are the result of applying a weighting pattern to the individual size group results. The weights derived from the 1951 Census for each size group were applied to the results of each respective group to arrive at total trade ratios in which the results of each size and occupancy component are properly represented. The averages shown for balance sheet items have not been weighted and therefore represent the averages obtained by adding together the reporting panel of firms in each cell.

Profit and loss as well as balance sheet definitions are shown on the last pages of this report.

INDEPENDENT GROCERY STORES

Stores classified as grocery stores for the purpose of this report are those selling a general line of groceries and with not more than 15% of total sales as fresh meats. If fresh meats accounted for a greater share of total sales, the store was classified as a combination (groceries and meat) store. Only unincorporated single establishment operations are included in this bulletin.

Tabulation of profit and loss data from the returns of 728 firms was made in several sales-size categories, to provide a finer analysis of the re-

sults. Returns of 472 independent grocers were used in the preparation of balance sheet averages.

The gross profit, in relation to net sales, increased to 15.07% in 1958 from 14.76% in 1956. This improvement, however, was more than offset by higher ratios of operating expenses with the result that net operating profit, before proprietors' withdrawals or income tax deduction, was below the 1958 mark. The increased cost of occupancy and of "all other" expenses contributed largely to this change. An excess of non-trading income over non-trading expense increased the operating profit of 5.89% to a final net profit of 6.54%.

TABLE 1. Operating Results of Independent Grocery Stores, 1952-58

Item	1952	1954	1956	1958
	per cent of net sales			
Gross Profit	13.88	14.38	14.76	15.07
Operating expenses:				
Employees' salaries	2.70	2.89	2.55	2.52
Occupancy	2.76	3.30	3.56	3.98
Delivery	1.01	0.88	0.82	0.83
Office and store supplies	0.51	0.52	0.49	0.43
All other expenses	1.03	1.14	1.25	1.42
Total operating expenses	8.01	8.73	8.67	9.18
Net operating profit before deduction of proprietors' salaries and income tax and addition of net non-trading income	5.87	5.65	6.09	5.89

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 2. Independent Grocery Stores - Balance Sheet Ratios as at December 31, 1952-58

Item	1952	1954	1956	1958
Current ratio—Owned	3.90	3.30	3.95	4.76
Rented	2.97	3.01	4.28	3.05
Liquidity ratio—Owned	1.98	1.64	1.84	2.34
Rented	1.36	1.37	1.90	1.32
Working capital to net worth ratio—Owned	0.51	0.44	0.54	0.46
Rented	0.64	0.64	0.63	0.61
Worth debt ratio—Owned	3.36	2.91	2.53	3.60
Rented	2.19	2.48	2.35	2.07
Turnover of total capital employed—Owned	3.56	3.24	2.59	3.11
Rented	5.41	5.59	5.44	4.65

Note: See page 21 for definitions.

TABLE 3. Independent Grocery Stores — Operating Result by Annual Sales Volume and Occupancy Basis, 1958

Item	Owned stores with annual net sales of					Rented stores with annual net sales of					Total all sizes ¹
	Under \$10,000	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over		
Number of stores reporting	25	84	182	112	32	29	114	102	44	728	
Average net sales per store	\$ 6,858	\$ 15,881	\$ 34,443	\$ 70,003	\$ 145,589	\$ 16,379	\$ 34,175	\$ 71,423	\$ 161,477	\$ 58,541	
Average beginning inventory	\$ 1,191	\$ 1,719	\$ 3,308	\$ 5,544	\$ 9,013	\$ 1,487	\$ 2,717	\$ 4,954	\$ 9,352	\$ 4,351	
Average inventory, end of year	\$ 1,163	\$ 1,790	\$ 3,339	\$ 5,696	\$ 9,805	\$ 1,540	\$ 2,702	\$ 5,288	\$ 10,089	\$ 4,539	
Average cost of goods sold	\$ 5,637	\$ 13,593	\$ 29,477	\$ 59,632	\$ 123,697	\$ 13,796	\$ 28,876	\$ 60,486	\$ 136,474	\$ 49,727	
Stock turnover (times per year)	4.79	7.75	8.87	10.61	13.15	9.12	10.66	11.83	14.05	11.19	
Profit and loss data (Per cent of net sales)											
Gross profit	17.80	14.40	14.42	14.81	15.04	15.77	15.50	15.31	15.48	15.07	
Operating expenses:											
Employees' salaries and wages (except delivery)	0.54	0.86	1.86	3.20	5.08	1.27	1.72	3.46	4.75	2.52	
Delivery	0.89	0.75	0.84	0.84	0.96	0.51	0.80	0.81	0.96	0.83	
Occupancy expenses:											
Taxes	2.16	1.03	0.72	0.49	0.34	0.49	0.32	0.21	0.18	0.60	
Insurance	0.77	0.50	0.32	0.33	0.27	0.20	0.22	0.24	0.24	0.33	
Rent	—	—	—	—	—	3.17	2.47	1.78	1.48	0.86	
Light, heat and power	2.62	1.45	0.93	0.72	0.49	1.15	0.81	0.60	0.39	0.94	
Repairs and maintenance	1.07	0.50	0.40	0.44	0.28	0.25	0.25	0.25	0.26	0.43	
Depreciation allowances	0.64	0.99	0.98	1.02	0.96	0.26	0.62	0.64	0.51	0.82	
Total occupancy expenses	7.26	4.49	3.45	3.00	2.34	5.52	4.79	3.72	3.06	3.98	
Office and store supplies	0.71	0.41	0.39	0.41	0.48	0.43	0.41	0.44	0.47	0.43	
Advertising	0.03	0.11	0.21	0.30	0.64	0.15	0.17	0.26	0.45	0.25	
Utilities	0.51	0.11	0.09	0.12	0.12	0.06	0.08	0.03	0.07	0.11	
All other expenses	1.24	1.34	1.06	0.95	1.40	1.00	0.91	0.92	0.74	1.06	
Total operating expenses	11.18	8.07	7.90	8.82	11.02	8.94	8.88	9.64	10.50	9.18	
Net operating profit	6.62	6.33	6.52	5.99	4.02	6.83	6.62	5.67	4.98	5.89	
Non-trading income	2.99	1.78	0.87	0.65	0.38	0.89	0.55	0.71	0.13	0.85	
Non-trading expense	0.15	0.33	0.10	0.22	0.08	0.58	0.25	0.42	0.03	0.20	
Net profit before deduction of proprietors' salaries and income tax	9.46	7.78	7.29	6.42	4.32	7.14	6.92	5.96	5.08	6.54	

¹ Averages and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 4. Independent Grocery Stores — Owned — Financial Structure by Size and Age of Business as at December 31, 1958

Item	Stores with annual net sales of							Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over	
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
Assets	average per store (dollars)							
Current assets:								
Cash on hand and in bank	1,020	2,643	2,263	2,664	2,610	2,627	4,648	2,641
Accounts and notes receivable (net)	422	825	730	2,302	1,710	1,893	4,529	1,546
Merchandise inventory	3,188	3,465	3,400	6,482	5,623	5,890	10,083	4,997
Other current assets	428	468	459	729	999	915	829	664
Total current assets	5,058	7,401	6,852	12,177	10,942	11,325	20,089	9,848
Fixed assets (net):								
Used in the business	7,683	5,760	6,211	12,594	8,562	9,812	19,499	8,893
Not used in the business	1,834	2,021	1,977	1,457	1,644	1,586	441	1,676
Total fixed assets (net)	9,517	7,781	8,188	14,051	10,206	11,398	19,940	10,569
Other assets:								
Long term investments	296	1,024	853	64	238	184	4,359	968
Other assets	269	182	203	75	269	209	670	253
Total other assets	565	1,206	1,056	139	507	393	5,029	1,221
Total assets	15,140	16,388	16,096	26,367	21,655	23,116	45,058	21,638
Liabilities								
Current liabilities:								
Accounts and notes payable	807	1,066	1,005	2,439	1,943	2,097	7,498	2,071
Fixed liabilities:								
Mortgages on fixed assets used in the business	1,948	626	936	3,597	1,280	1,998	4,521	1,693
Mortgages on fixed assets not used in the business	156	203	192	104	148	134	179	169
Total fixed liabilities	2,104	829	1,128	3,701	1,428	2,132	4,700	1,862
Other liabilities	487	474	478	1,186	530	734	2,447	774
Total liabilities	3,398	2,369	2,611	7,326	3,901	4,963	14,645	4,707
Net worth: Proprietor's or partners' equity in the business	11,742	14,019	13,485	19,041	17,754	18,153	30,413	16,931
Total liabilities and net worth	15,140	16,388	16,096	26,367	21,655	23,116	45,058	21,638
Average net sales of stores reporting	35,276	34,314	34,540	74,586	67,165	69,465	148,629	59,035
Number of stores reporting	34	111	145	31	69	100	28	273

**TABLE 5. Independent Grocery Stores — Rented — Financial Structure by Size and Age of Business
as at December 31, 1958**

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
average per store (dollars)										
Assets										
Current assets:										
Cash on hand and in bank	1,242	1,320	1,277	1,663	1,818	1,750	2,962	4,416	3,797	1,974
Accounts and notes receivable (net)	239	849	518	590	1,793	1,267	3,352	4,082	3,772	1,473
Merchandise inventory	2,535	2,598	2,564	4,718	5,760	5,304	10,742	10,182	10,420	5,245
Other current assets	97	791	413	215	634	450	375	1,609	1,085	563
Total current assets	4,113	5,538	4,772	7,186	10,005	8,771	17,431	20,289	19,074	9,255
Fixed assets (net):										
Used in the business	2,388	1,496	1,981	2,841	2,470	2,632	6,093	6,190	6,149	3,081
Not used in the business	2,722	1,642	2,230	2,332	1,973	2,131	1,467	3,273	2,506	2,245
Total fixed assets (net)	5,110	3,138	4,211	5,173	4,443	4,763	7,560	9,463	8,655	5,326
Other assets:										
Long term investments	84	51	69	—	414	233	83	1,000	610	244
Other assets	429	171	311	833	221	489	415	322	361	392
Total other assets	513	222	380	833	635	722	498	1,322	971	636
Total assets	9,736	8,918	9,363	13,192	15,083	14,256	25,489	31,074	28,700	15,217
Liabilities										
Current liabilities:										
Accounts and notes payable	994	995	994	2,739	3,025	2,900	7,444	7,259	7,338	3,035
Fixed liabilities:										
Mortgages on fixed assets used in the business	103	—	56	412	491	456	2,003	558	1,172	442
Mortgages on fixed assets not used in the business	1,399	772	1,114	89	330	225	465	304	373	607
Total fixed liabilities	1,502	772	1,170	501	821	681	2,468	862	1,545	1,049
Other liabilities	522	280	411	1,551	814	1,136	1,481	1,039	1,226	867
Total liabilities	3,018	2,047	2,575	4,791	4,660	4,717	11,393	9,160	10,109	4,951
Net worth: Proprietor's or partners' equity in the business										
Total liabilities and net worth	6,718	6,871	6,788	8,401	10,423	9,539	14,096	21,914	18,591	10,266
Total liabilities and net worth	9,736	8,918	9,363	13,192	15,083	14,256	25,489	31,074	28,700	15,217
Average net sales of stores reporting	34,873	33,865	34,414	72,230	70,227	71,103	160,249	28,297	84,376	59,206
Number of stores reporting	43	36	79	35	45	80	17	23	40	199

INDEPENDENT COMBINATION STORES

Stores included in this category are those selling mainly a combination of groceries and fresh meats with neither constituting less than 15% of net sales. Only unincorporated businesses were surveyed.

After careful editing, returns from 880 firms were used in the tabulation of profit and loss averages and ratios while only 740 firms submitted balance sheet statements which could be used. In

1958 the gross profit obtained by independent combination stores stood at 15.07 per cent of total net sales, lower than the ratios of 1956 or 1954. Operating expense ratios were of almost identical proportions for these three years; the result was a net operating profit of 4.41 per cent of sales in 1958 compared to one of 4.75 per cent in 1956. An increase of non-trading income over non-trading expense raised this operating profit to a final net profit of 4.82 per cent before deduction of proprietor's salaries or income tax.

TABLE 6. Operating Results of Independent Combination Stores, 1952-58

Item	1952	1954	1956	1958
	per cent of net sales			
Gross profit	14.50	15.09	15.40	15.07
Operating expenses:				
Employees' salaries	4.46	4.75	4.38	4.24
Occupancy	2.56	2.93	3.10	3.15
Delivery	1.30	1.11	1.09	1.07
Office and store supplies.....	0.63	0.61	0.62	0.57
All other expenses	1.19	1.29	1.46	1.63
Total operating expenses	10.14	10.69	10.65	10.66
Net operating profit before deduction of proprietors' salaries and income tax and addition of net non-trading income.....	4.36	4.40	4.75	4.41

Note: These ratios are "weighted" according to the 1951 Census weight of the different sales sizes for independent stores.

TABLE 7. Independent Combination Stores — Balance Sheet Ratios as at December 31, 1952-58

Item	1952	1954	1956	1958
Current ratio—Owned	2.68	2.40	3.03	2.74
Rented.....	2.37	2.41	2.94	2.44
Liquidity ratio—Owned	1.43	1.20	1.50	1.39
Rented	1.22	1.24	1.50	1.21
Working capital to net worth ratio—Owned	0.44	0.41	0.41	0.40
Rented.....	0.53	0.55	0.55	0.52
Worth debt ratio—Owned	2.31	1.90	2.13	1.96
Rented.....	1.67	1.81	1.85	1.62
Turnover of total capital employed—Owned	4.00	3.89	3.75	4.14
Rented	6.23	6.20	5.79	6.55

Note: See page 21 for definitions.

TABLE 8. Independent Combination Stores — Operating Results by Annual Sales Volume and Occupancy Basis, 1958

Item	Owned stores with annual net sales of				Rented stores with annual net sales of				Total all sizes ¹
	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over	
Number of stores reporting	37	143	175	191	13	60	111	145	880
Average net sales per store	\$ 15,469	\$ 35,458	\$ 72,916	\$ 200,794	\$ 14,537	\$ 36,747	\$ 73,076	\$ 193,085	\$ 115,608
Average beginning inventory	1,425	2,767	5,115	10,475	1,669	2,918	4,035	8,839	6,299
Average inventory, end of year	1,452	2,790	5,280	10,879	1,595	2,550	4,164	9,055	6,506
Average cost of goods sold	\$ 12,974	\$ 30,264	\$ 62,123	\$ 171,147	\$ 11,719	\$ 31,022	\$ 61,685	\$ 163,496	\$ 98,246
Stock turnover (times per year)	9.02	10.89	11.95	16.03	7.18	12.75	15.05	18.27	15.34
Profit and loss data (Per cent of net sales)									
Gross profit	16.13	14.65	14.80	14.76	19.38	15.58	15.59	15.32	15.07
Operating expenses:									
Employees' salaries and wages (except delivery)	1.07	2.17	4.00	5.48	2.84	2.16	4.64	5.57	4.24
Delivery	1.13	1.12	1.10	0.92	1.65	1.17	1.13	1.05	1.07
Occupancy expenses:									
Taxes	1.04	0.69	0.44	0.31	0.92	0.33	0.24	0.16	0.39
Insurance	0.49	0.39	0.35	0.26	0.46	0.24	0.26	0.25	0.30
Rent	—	—	—	—	4.74	2.54	1.56	0.92	0.57
Heat, light and power	1.48	0.94	0.70	0.47	1.64	0.73	0.53	0.37	0.63
Repairs and maintenance	0.51	0.52	0.43	0.35	0.71	0.36	0.31	0.32	0.39
Depreciation allowances	0.70	1.03	1.07	0.97	0.92	0.46	0.67	0.70	0.87
Total occupancy expenses	4.22	3.57	2.99	2.36	9.39	4.66	3.57	2.72	3.15
Office and store supplies	0.49	0.56	0.52	0.59	0.78	0.59	0.58	0.57	0.57
Advertising	0.11	0.20	0.39	0.71	0.15	0.21	0.35	0.64	0.46
Net loss on bad debts	0.13	0.14	0.14	0.09	0.45	0.37	0.08	0.06	0.12
All other expenses	1.24	1.20	1.07	1.01	2.12	1.18	0.96	0.94	1.05
Total operating expenses	8.39	8.96	10.21	11.14	17.39	10.34	11.31	11.55	10.66
Net operating profit	7.74	5.69	4.59	3.62	1.99	5.24	4.28	3.77	4.41
Non-trading income	1.40	0.93	0.73	0.43	1.21	0.58	0.22	0.22	0.55
Non-trading expense	0.35	0.27	0.14	0.12	—	0.25	0.06	0.07	0.14
Net profit before deduction of proprietors' salaries and income tax	8.79	6.35	5.18	3.93	3.20	5.57	4.44	3.92	4.82

¹ Averages and ratios "weighted" according to the 1951 Census weight of the different sales sizes for independent stores.

TABLE 9. Independent Combination Stores — Owned — Financial Structure by Size and Age of Business as at December 31, 1958

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
Assets	average per store (dollars)									
Current assets:										
Cash on hand and in bank	1,876	1,455	1,555	2,017	2,619	2,477	3,655	4,664	4,498	3,060
Accounts and notes receivable (net)	762	1,080	1,005	1,792	2,469	2,309	3,628	5,552	5,236	3,162
Merchandise inventory	2,862	2,818	2,828	4,908	5,523	5,378	9,568	11,192	10,925	6,974
Other current assets	430	454	448	398	937	809	517	1,649	1,464	982
Total current assets	5,930	5,807	5,836	9,115	11,548	10,973	17,368	23,057	22,123	14,178
Fixed assets (net):										
Used in the business	7,165	6,898	6,961	10,983	10,616	10,702	21,500	18,842	19,278	13,220
Not used in the business	3,342	3,941	3,799	3,717	2,781	3,002	3,895	6,933	6,435	4,585
Total fixed assets (net)	10,507	10,839	10,760	14,700	13,397	13,704	25,395	25,775	25,713	17,805
Other assets:										
Long term investments	1,204	368	566	529	939	842	510	2,097	1,837	1,174
Other assets	149	151	150	1,587	102	453	309	1,007	893	554
Total other assets	1,353	519	716	2,116	1,041	1,295	819	3,104	2,730	1,728
Total assets	17,790	17,165	17,312	25,931	25,986	25,972	43,582	51,936	50,566	33,711
Liabilities										
Current liabilities:										
Accounts and notes payable	960	1,457	1,339	2,970	3,153	3,110	11,047	8,997	9,333	5,174
Fixed liabilities:										
Mortgages on fixed assets used in the business	1,692	940	1,118	3,533	1,988	2,352	5,912	4,781	4,966	3,096
Mortgages on fixed assets not used in the business	428	514	493	2,853	354	943	1,691	2,235	2,146	1,315
Total fixed liabilities	2,120	1,454	1,611	6,386	2,342	3,295	7,603	7,016	7,112	4,411
Other liabilities	46	823	639	1,326	978	1,060	4,089	3,016	3,192	1,813
Total liabilities	3,126	3,734	3,589	10,682	6,474	7,465	22,739	19,029	19,637	11,398
Net worth: Proprietor's or partners' equity in the business	14,664	13,431	13,723	15,249	19,512	18,507	20,843	32,907	30,929	22,313
Total liabilities and net worth	17,790	17,165	17,312	25,931	25,986	25,972	43,582	51,936	50,566	33,711
Average net sales of stores reporting	36,043	35,687	35,771	68,143	74,856	73,274	193,268	203,832	202,101	115,785
Number of stores reporting	27	87	114	37	120	157	30	153	183	454

TABLE 10. Independent Combination Stores—Rented—Financial Structure by Size and Age of Business
as at December 31, 1958

Item	Stores with annual net sales of									Total all sizes \$20,000 and over	
	\$20,000-\$49,999			\$50,000-\$99,999			\$100,000 and over				
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
average per store (dollars)											
Assets											
Current assets:											
Cash on hand and in bank	803	1,671	1,289	1,476	2,087	1,807	3,208	4,082	3,732	2,659	
Accounts and notes receivable (net)	466	1,019	775	1,543	2,865	2,259	3,474	5,215	4,519	3,106	
Merchandise inventory	2,595	2,649	2,625	4,169	4,153	4,160	8,098	9,687	9,051	6,286	
Other current assets	188	894	583	169	146	157	388	663	554	426	
Total current assets	4,052	6,233	5,272	7,357	9,251	8,383	15,168	19,647	17,856	12,477	
Fixed assets (net) :											
Used in the business	2,412	1,982	2,171	5,155	3,956	4,505	7,727	8,077	7,937	5,777	
Not used in the business	1,313	2,576	2,021	1,372	2,243	1,844	2,579	5,585	4,383	3,117	
Total fixed assets (net)	3,725	4,558	4,192	6,527	6,199	6,349	10,306	13,662	12,320	8,894	
Other assets:											
Long term investments	—	820	460	11	217	124	861	1,727	1,380	798	
Other assets	136	62	95	936	398	644	1,654	1,083	1,311	874	
Total other assets	136	882	555	947	615	768	2,515	2,810	2,691	1,672	
Total assets	7,913	11,673	10,019	14,831	16,065	15,500	27,989	36,119	32,867	23,043	
Liabilities											
Current liabilities:											
Accounts and notes payable	1,702	1,484	1,580	3,668	3,030	3,322	6,284	8,500	7,614	5,118	
Fixed liabilities:											
Mortgages on fixed assets used in the business	489	163	306	1,551	786	1,125	2,468	1,265	1,746	1,286	
Mortgages on fixed assets not used in the business	91	316	217	936	579	743	1,312	1,575	1,470	1,007	
Total fixed liabilities	580	479	523	2,487	1,365	1,868	3,780	2,840	3,216	2,293	
Other liabilities	795	255	493	1,677	1,275	1,460	1,453	1,821	1,673	1,395	
Total liabilities	3,077	2,218	2,596	7,832	5,650	6,650	11,517	13,161	12,503	8,806	
Net worth: Proprietor's or partners' equity in the business	4,836	9,455	7,423	6,999	10,415	8,850	16,472	22,958	20,364	14,237	
Total liabilities net worth	7,913	11,673	10,019	14,831	16,065	15,500	27,989	36,119	32,867	23,043	
Average net sales of stores reporting	36,407	38,211	37,417	73,285	73,922	73,630	194,907	190,167	192,063	125,273	
Number of stores reporting	22	28	50	44	52	96	56	84	140	286	

INDEPENDENT MEAT MARKETS

To remain in this category, fresh meat must constitute the bulk of the sales, although cured meat, poultry and dairy products can also be sold. Dry groceries cannot exceed 15% of total sales.

Independent unincorporated meat markets contributing to this 1958 survey numbered 232. Balance sheet statements which could be used were received from only 201 firms.

Meat markets operated on reduced gross profit margins in 1958 compared to 1956—19.07 per cent and 19.61 per cent of net sales respectively. The highest ratio of total operating expense for the last 6 years reduced net operating profit to the lowest ratio during this period—6.12 per cent of net sales. The net gain of non-trading income over non-trading expense raised this to a final net profit of 6.64 per cent of net sales.

TABLE 11. Operating Results of Independent Meat Markets, 1952-58

Item	1952	1954	1956	1958
	per cent of net sales			
Gross profit	17.78	18.90	19.61	19.07
Operating expenses:				
Employees' salaries	4.90	5.53	5.47	5.48
Occupancy	2.89	3.37	3.48	3.54
Delivery	1.51	1.35	1.30	1.24
Office and store supplies	0.79	0.94	1.00	0.98
All other expenses	1.28	1.34	1.48	1.71
Total operating expenses	11.37	12.53	12.73	12.95
Net operating profit before deduction of proprietors' salaries and income tax and addition of net non-trading income	6.41	6.37	6.88	6.12

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 12. Independent Meat Markets - Balance Sheet Ratios as at December 31, 1952-58

Item	1952	1954	1956	1958
Current ratio—Owned	2.76	2.43	3.07	2.38
Rented	2.47	2.33	2.46	2.09
Liquidity ratio—Owned	2.21	1.88	2.43	1.84
Rented	2.00	1.88	2.02	1.63
Working capital to net worth ratio—Owned	0.33	0.32	0.37	0.29
Rented	0.56	0.43	0.49	0.43
Worth debt ratio—Owned	3.12	2.06	2.72	2.49
Rented	2.15	2.11	2.29	1.71
Turnover of total capital employed—Owned	3.92	3.99	3.63	4.17
Rented	7.53	6.58	6.71	7.70

Note: See page 21 for definitions.

TABLE 13. Independent Meat Markets—Operating Results by Annual Sales Volume and Occupancy Basis, 1958

Item	Owned stores with annual net sales of			Rented stores with annual net sales of			Total ¹ all sizes
	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	\$20,000- \$49,999	\$50,000- \$99,999	\$100,000 and over	
Number of stores reporting	29	26	27	41	59	31	232
Average net sales per store	\$ 34,137	\$ 74,165	\$ 161,532	\$ 37,742	\$ 71,752	\$ 195,725	\$ 102,500
Average beginning inventory	857	1,294	3,436	871	1,207	2,527	1,715
Average inventory, end of year	857	1,505	4,038	682	1,362	2,664	1,900
Average cost of goods sold	\$ 27,262	\$ 59,523	\$ 130,869	\$ 30,981	\$ 57,701	\$ 161,164	\$ 83,447
Stock turnover (times per year)	31.81	42.53	35.02	45.76	44.92	62.09	46.17
Profit and loss data (Per cent of net sales)							
Gross profit	20.14	19.74	18.98	17.96	19.58	17.66	19.07
Operating expenses:							
Employees' salaries and wages (except delivery)	4.01	5.87	7.42	2.16	5.75	7.02	5.48
Delivery	1.44	0.90	1.14	1.28	1.28	1.21	1.24
Occupancy expenses:							
Tax	0.90	0.46	0.27	0.18	0.23	0.10	0.37
Insurance	0.36	0.32	0.36	0.20	0.22	0.18	0.27
Rent	—	—	—	2.25	1.54	0.99	0.82
Heat, light and power	1.27	0.75	0.46	0.75	0.61	0.31	0.69
Repairs and maintenance	0.56	0.52	0.59	0.36	0.41	0.33	0.47
Depreciation allowances	1.27	1.23	0.98	0.75	0.77	0.70	0.92
Total occupancy expenses	4.36	3.28	2.66	4.49	3.78	2.61	3.54
Office and store supplies	0.93	1.01	1.07	0.88	0.84	1.12	0.98
Advertising	0.19	0.19	0.43	0.14	0.27	0.16	0.22
Net loss on bad debts	0.18	0.04	0.12	0.01	0.07	0.15	0.10
All other expenses	1.98	1.34	1.69	1.44	1.30	0.95	1.39
Total operating expenses	13.09	12.63	14.53	10.40	13.29	13.22	12.95
Net operating profit	7.05	7.11	4.45	7.56	6.29	4.44	6.12
Non-trading income	2.39	1.28	0.87	0.04	0.04	0.15	0.70
Non-trading expense	0.49	0.47	0.15	—	0.03	0.10	0.18
Net profit before deduction of proprietors' salaries and income tax	8.95	7.92	5.17	7.60	6.30	4.49	6.64

¹ Averages and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 14. Independent Meat Markets—Owned—Financial Structure by Size of business as at December 31, 1958

Item	Stores with annual net sales of			Total all sizes \$20,000 and over
	\$20,000-\$49,999	\$50,000-\$99,999	\$100,000 and over	
Assets	average per store (dollars)			
Current assets:				
Cash on hand and in bank	1,637	3,398	5,413	3,486
Accounts and notes receivable (net)	901	2,684	4,863	2,821
Merchandise inventory	880	1,419	4,038	2,139
Other current assets	587	585	1,674	963
Total current assets	4,005	8,086	15,988	9,409
Fixed assets (net):				
Used in the business	8,135	11,024	16,616	11,959
Not used in the business	2,466	3,062	3,402	2,974
Total fixed assets (net)	10,601	14,086	20,018	14,933
Other assets:				
Long term investments	1,699	1,459	1,982	1,723
Other assets	45	121	665	283
Total other assets	1,744	1,580	2,647	2,006
Total assets	16,350	23,752	38,653	26,348
Liabilities				
Current liabilities:				
Accounts and notes payable	1,071	1,936	8,647	3,960
Fixed liabilities:				
Mortgages on fixed assets used in the business	1,648	1,870	3,401	2,323
Mortgages on fixed assets not used in the business	—	980	302	406
Total fixed liabilities	1,648	2,850	3,703	2,729
Other liabilities	646	182	1,707	870
Total liabilities	3,365	4,968	14,057	7,559
Net worth: proprietor's or partners' equity in the business	12,985	18,784	24,596	18,789
Total liabilities and net worth	16,350	23,752	38,653	26,348
Average net sales of stores reporting	34,074	73,603	161,532	90,356
Number of stores reporting	27	24	27	78

TABLE 15. Independent Meat Markets — Rented — Financial Structure by Size and Age of Business as at December 31, 1958

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000 - \$49,999			\$50,000 - \$99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
	average per store (dollars)									
Assets										
Current assets:										
Cash on hand and in bank	1,092	1,446	1,303	2,279	2,604	2,471	1,990	5,321	4,100	2,517
Accounts and notes receivable (net)	693	1,190	988	1,252	1,990	1,687	2,681	7,349	5,637	2,440
Merchandise inventory	635	783	723	1,026	1,652	1,395	2,542	2,796	2,703	1,512
Other current assets	6	250	151	84	95	90	883	1,362	1,179	374
Total current assets	2,426	3,669	3,165	4,641	6,341	5,643	8,076	16,828	13,619	6,843
Fixed assets (net):										
Used in the business	2,673	2,079	2,320	4,190	3,783	3,950	7,574	10,221	9,250	4,752
Not used in the business	1,333	1,187	1,245	1,261	385	745	—	1,414	896	932
Total fixed assets (net)	4,006	3,266	3,565	5,451	4,168	4,695	7,574	11,635	10,146	5,684
Other assets:										
Long term investments	—	22	14	59	352	232	118	821	563	247
Other assets	365	182	256	501	293	378	1,080	394	646	407
Total other assets	365	204	270	560	645	610	1,198	1,215	1,209	654
Total assets	6,797	7,139	7,000	10,652	11,154	10,948	16,848	29,678	24,974	13,181
Liabilities										
Current liabilities:										
Accounts and notes payable	1,087	1,108	1,099	1,805	3,263	2,664	4,529	8,590	7,101	3,276
Fixed liabilities:										
Mortgages on fixed assets used in business	429	—	174	226	377	315	2,638	2,123	2,312	759
Mortgages on fixed assets not used in business	600	—	243	474	—	195	—	395	250	223
Total fixed liabilities	1,029	—	417	700	377	510	2,638	2,518	2,562	982
Other liabilities	936	548	706	711	594	642	535	299	385	598
Total liabilities	3,052	1,656	2,222	3,216	4,234	3,816	7,702	11,407	10,048	4,856
Net worth; proprietor's or partners' equity in the business	3,745	5,483	4,778	7,436	6,920	7,132	9,146	18,271	14,926	8,325
Total liabilities and net worth	6,797	7,139	7,000	10,652	11,154	10,948	16,848	29,678	24,974	13,181
Average net sales of stores reporting	36,415	39,502	38,280	72,065	72,154	72,118	152,306	223,381	197,320	92,467
Number of stores reporting	15	22	37	23	33	56	11	19	30	123

INDEPENDENT CONFECTIONERY STORES

This classification covers those retail establishments selling mainly candy and confectionery, soft drinks, soda fountain products and ice cream to the extent of at least 50% of total net sales. Other items sold include light lunches, groceries, fresh fruit and vegetables.

There were 181 firms who supplied profit and loss statements on their 1958 operations which could be used in the tabulation of the results shown in this report. Balance sheet data were received

from only 91 business proprietors in this classification.

Although gross profits in relation to sales were higher than in 1956, (19.15 per cent compared to 18.98 per cent) operating expenses were still greater proportionally, so that net operating profit amounted to 7.47 per cent of sales. The 1956 net operating profit was 7.97 per cent. The net of non-trading income and non-trading expense added .64 per cent to make final net profit 8.11 per cent of total net sales.

TABLE 16. Operating Results of Independent Confectionery Stores, 1952-58

Item	1952	1954	1956	1958
	per cent of net sales			
Gross profit	18.93	17.57	18.98	19.15
Operating expenses:				
Employees' salaries	3.60	2.79	3.20	3.27
Occupancy	5.32	5.60	5.82	6.19
Delivery	0.24	0.20	0.16	0.27
Office and Store Supplies	0.52	0.43	0.47	0.49
All other expenses	1.25	1.21	1.36	1.46
Total operating expenses	10.93	10.23	11.01	11.68
Net operating profit before deduction of proprietors' salaries and income tax and addition of net non-trading income	8.00	7.34	7.97	7.47

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 17. Independent Confectionery Stores - Balance Sheet Ratios as at December 31, 1952-58

Item	1952	1954	1956	1958
Current ratio - Owned	2.74	2.54	2.62	3.87
Rented	3.43	2.18	3.14	4.10
Liquidity ratio - Owned	1.17	1.07	1.41	1.96
Rented	1.77	0.93	1.49	2.05
Working capital to net worth ratio - Owned	0.28	0.28	0.26	0.29
Rented	0.47	0.41	0.48	0.61
Worth debt ratio - Owned	2.49	2.92	2.25	2.69
Rented	2.64	1.95	2.16	3.03
Turnover to total capital employed - Owned	3.04	3.02	2.51	3.00
Rented	5.40	6.41	4.73	5.58

Note: See page 21 for definitions.

TABLE 18. Independent Confectionery Stores — Operating Results, by Annual Sales Volume and Occupancy Basis, 1958

Item	Owned stores with annual net sales of				Rented stores with annual net sales of				Total All sizes ¹
	Under \$10,000	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999	\$10,000-\$19,999	\$20,000-\$49,999	\$50,000-\$99,999		
Number of stores reporting	11	22	36	14	19	52	17		181
Average net sales per store	\$ 8,039	15,442	33,299	66,728	15,204	31,305	68,960		30,207
Average beginning inventory	\$ 680	1,935	2,867	3,028	1,168	2,119	4,513		2,225
Average inventory, end of year	\$ 633	1,953	2,868	3,028	1,138	2,163	4,328		2,246
Average cost of goods sold	\$ 6,598	12,367	27,354	53,330	11,801	25,716	55,286		24,567
Stock turnover (times per year)	10.05	6.36	9.54	17.61	10.23	12.01	12.51		10.99
Profit and loss data (Per cent of net sales)									
Gross profit	17.93	19.91	17.85	20.08	22.38	17.85	19.83		19.15
Operating expenses:									
Employees' salaries and wages (except delivery)	1.40	3.05	4.94	7.63	2.74	2.13	5.26		3.27
Delivery	0.23	0.06	0.21	0.35	0.48	0.40	0.12		0.27
Occupancy expenses:									
Taxes	2.21	1.31	0.96	0.80	0.73	0.30	0.20		0.82
Insurance	0.56	0.52	0.41	0.56	0.24	0.23	0.24		0.35
Rent	—	—	—	—	5.16	2.89	2.30		1.85
Heat, light & power	3.31	1.78	1.63	1.08	1.84	0.95	0.73		1.62
Repairs and maintenance	0.33	1.08	0.73	0.79	0.54	0.39	0.54		0.61
Depreciation allowances	0.68	1.52	1.54	1.16	0.74	0.49	0.80		0.94
Total occupancy expenses	7.09	6.21	5.27	4.39	9.25	5.25	4.91		6.19
Office and store supplies	0.42	0.49	0.40	0.90	0.65	0.49	0.58		0.49
Advertising	0.06	0.07	0.13	0.17	0.05	0.17	0.32		0.13
Net loss on bad debts	0.14	0.08	0.02	0.03	0.04	0.04	0.04		0.04
All other expenses	1.17	1.68	1.51	0.97	1.11	1.10	1.53		1.29
Total operating expenses	10.51	11.64	12.48	14.44	14.32	9.58	12.72		11.68
Net operating profit	7.42	8.27	5.37	5.64	8.06	8.27	7.11		7.47
Non-trading income	0.82	0.61	1.10	1.28	1.62	0.34	0.19		0.74
Non-trading expense	—	0.12	0.05	0.29	—	0.21	—		0.10
Net profit before deduction of proprietors' salaries and income tax	8.24	8.72	6.42	6.63	9.68	8.40	7.30		8.11

¹ Averages and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 19. Independent Confectionery Stores — Owned — Financial Structure by Size of Business as at December 31, 1958

Item	Stores with annual net sales of		Total all sizes \$20,000-\$99,999
	\$20,000-\$49,999	\$50,000-\$99,999	
average per store (dollars)			
Assets			
Current assets:			
Cash on hand and in bank	1,093	3,227	1,771
Accounts and notes receivable (net)	51	220	105
Merchandise inventory	2,903	3,028	2,943
Other current assets	745	1,963	1,133
Total current assets	4,792	8,438	5,952
Fixed assets (net):			
Used in the business	8,306	8,565	8,389
Not used in the business	3,259	7,148	4,496
Total fixed assets (net)	11,565	15,713	12,885
Other assets:			
Long term investments	1,495	1,036	1,349
Other assets	307	738	444
Total other assets	1,802	1,774	1,793
Total assets	18,159	25,925	20,630
Liabilities			
Current liabilities:			
Accounts and notes payable	1,456	1,712	1,537
Fixed liabilities:			
Mortgages on fixed assets used in the business	1,856	943	1,565
Mortgages on fixed assets not used in the business	540	1,455	832
Total fixed liabilities	2,396	2,398	2,397
Other liabilities	2,009	883	1,651
Total liabilities	5,861	4,993	5,585
Net worth: proprietor's or partners' equity in the business	12,298	20,932	15,045
Total liabilities and net worth	18,159	25,925	20,630
Average net sales of stores reporting	33,876	66,728	44,329
Number of stores reporting	30	14	44

TABLE 20. Independent Confectionery Stores — Rented — Financial Structure by Size and Age of Business
as at December 31, 1958

Item	Stores with annual net sales of				Total all sizes \$20,000 - \$99,999
	\$20,000-\$49,999			\$50,000- \$99,999	
	Under 10 years	10 years and over	Total		
	average per store (dollars)				
Assets					
Current assets:					
Cash on hand and in bank	1,041	1,854	1,559	2,945	1,972
Accounts and notes receivable (net)	155	300	247	124	210
Merchandise inventory	2,446	1,760	2,009	4,213	2,666
Other current assets	54	710	471	531	489
Total current assets	3,696	4,624	4,286	7,813	5,337
Fixed assets (net):					
Used in the business	1,524	1,081	1,242	2,888	1,732
Not used in the business	707	2,027	1,547	491	1,232
Total fixed assets (net)	2,231	3,108	2,789	3,379	2,964
Other assets:					
Long term investments	—	—	—	—	—
Other assets.....	281	388	349	996	542
Total other assets	281	388	349	996	542
Total assets	6,208	8,120	7,424	12,188	8,843
Liabilities					
Current liabilities:					
Accounts and notes payable	953	978	968	2,089	1,303
Fixed liabilities:					
Mortgages on fixed assets used in the business	275	619	494	404	467
Mortgages on fixed assets not used in the business	—	51	33	258	99
Total fixed liabilities	275	670	527	662	566
Other liabilities.....	50	160	120	808	325
Total liabilities	1,278	1,808	1,615	3,559	2,194
Net worth proprietor's or partners' equity in the business	4,930	6,312	5,809	8,629	6,649
Total liabilities and net worth	6,208	8,120	7,424	12,188	8,843
Average net sales of stores reporting	33,887	31,321	32,254	66,464	42,445
Number of stores reporting	12	21	33	14	47

INDEPENDENT FRUIT AND VEGETABLE STORES

The sales of fresh fruit and vegetables to the extent of 50% of total sales was the criterion for this class of retailers. Groceries and other items are also sold in such stores but fruit and vegetable sales must be predominant.

Profit and loss information which could be used in tabulation was received from 144 retailers

in this class. Balance sheet statements used in this report numbered 96.

The average ratio of gross profit in 1958 declined from 1956; this drop was coupled with a gain in the ratio of operating expenses to result in a reduction in net operating profit, from 7.32% in 1956 to 6.51% in 1958. Other income exceeded non-trading expense to give a final net profit ratio amounting to 7.01 per cent of net sales.

TABLE 21. Operating Results of Independent Fruit and Vegetable Stores, 1952-58

Item	1952	1954	1956	1958
	per cent of net sales			
Gross profit	17.74	18.42	19.39	19.00
Operating expenses:				
Employees' salaries	3.79	4.35	3.94	4.02
Occupancy.....	4.01	4.46	4.69	4.72
Delivery.....	1.42	1.46	1.34	1.38
Office and store supplies	1.21	1.06	0.97	1.03
All other expenses.....	1.07	1.14	1.13	1.34
Total operating expenses	11.50	12.47	12.07	12.49
Net operating profit before deduction of proprietors' salaries and income tax and addition of net non-trading income	6.24	5.95	7.32	6.51

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 22. Independent Fruit and Vegetable Stores — Balance Sheet Ratios as at December 31, 1952-58

Item	1952	1954	1956	1958
Current ratio — Owned	5.27	2.80	4.77	1.75
Rented	2.69	2.66	3.43	2.45
Liquidity ratio — Owned	3.21	1.75	2.53	1.02
Rented	1.36	1.17	2.24	1.48
Working capital to net worth ratio — Owned	0.36	0.28	0.33	0.20
Rented	0.55	0.55	0.52	0.48
Worth debt ratio — Owned.....	4.76	3.21	2.77	1.89
Rented	2.64	2.36	2.70	2.33
Turnover of total capital employed — Owned	4.10	3.95	3.50	4.93
Rented	8.23	7.46	5.63	6.74

Note: See page 21 for definitions.

TABLE 23. Independent Fruit and Vegetable Stores—Operating Results by Annual Sales Volume and Occupancy Basis, 1958

Item	Owned stores with annual net sales of			Rented stores with annual net sales of				Total all sizes ¹
	\$20,000 - \$49,999	\$50,000 - \$99,999	\$100,000 and over	\$10,000 - \$19,999	\$20,000 - \$49,999	\$50,000 - \$99,999	\$100,000 and over	
Number of stores reporting.....	16	11	10	11	34	38	17	144
Average net sales per store.....	\$ 36,032	78,257	174,829	14,968	38,085	71,632	126,035	68,377
Average beginning inventory.....	\$ 1,455	2,792	6,006	791	2,294	2,900	4,321	2,755
Average inventory, end of year.....	\$ 1,648	2,792	5,403	829	2,025	3,181	4,230	2,737
Average cost of goods sold.....	\$ 29,658	65,246	141,224	11,240	30,818	57,903	102,059	55,538
Stock turnover (times per year).....	19.12	23.37	24.76	13.88	14.27	19.04	23.87	20.23
Profit and loss data (Per cent of net sales)								
Gross profit.....	17.69	16.63	19.22	24.91	19.08	19.17	19.02	19.00
Operating expenses:								
Employees' salaries and wages (except delivery).....	3.10	4.97	6.68	1.86	3.17	4.37	5.38	4.02
Delivery.....	1.68	1.63	1.61	2.26	1.35	1.08	0.98	1.38
Occupancy expenses:								
Taxes.....	1.24	0.89	0.37	0.40	0.40	0.32	0.24	0.59
Insurance.....	0.56	0.29	0.22	0.23	0.31	0.28	0.32	0.34
Rent.....	—	—	—	5.09	3.57	2.87	2.08	2.02
Heat, light and power.....	0.62	0.74	0.45	1.07	0.74	0.57	0.51	0.69
Repairs and maintenance.....	0.41	0.43	0.45	0.80	0.39	0.31	0.18	0.37
Depreciation allowances.....	0.62	0.94	1.10	0.11	0.55	0.75	0.98	0.71
Total occupancy expenses.....	3.45	3.29	2.59	7.75	5.96	5.10	4.31	4.72
Office and store supplies.....	0.85	1.20	1.64	1.65	0.85	0.94	1.16	1.03
Advertising.....	0.17	0.08	0.33	0.14	0.11	0.16	0.13	0.15
Net loss on bad debts.....	—	—	0.07	—	0.04	0.02	—	0.02
All other expenses.....	1.42	0.64	1.71	1.39	1.21	0.93	0.93	1.17
Total operating expenses.....	10.67	11.81	14.63	15.05	12.69	12.60	12.89	12.49
Net operating profit.....	7.02	4.82	4.59	9.86	6.39	6.57	6.13	6.51
Non-trading income.....	1.00	2.08	0.59	1.21	0.02	0.47	—	0.62
Non-trading expense.....	0.17	0.68	—	—	—	0.01	0.02	0.12
Net profit before deduction of proprietors' salaries and income tax.....	7.85	6.22	5.18	11.07	6.41	7.03	6.11	7.01

¹ Averages and ratios "weighted" according to the 1951 census weights of the different sales sizes for independent stores.

TABLE 24. Independent Fruit and Vegetable Stores—Owned—Financial Structure by Size of Business as at December 31, 1958

Item	Stores with annual net sales of			Total all sizes \$20,000 and over
	\$20,000 - \$49,999	\$50,000 - \$99,999	\$100,000 and over	
average per store (dollars)				
Assets				
Current assets:				
Cash on hand and in bank.....	1,985	2,093	3,833	2,572
Accounts and notes receivable (net).....	57	285	4,435	1,439
Merchandise inventory.....	1,688	2,569	5,484	3,091
Other current assets.....	555	247	12	299
Total current assets.....	4,285	5,194	13,764	7,401
Fixed assets (net):				
Used in the business.....	8,637	7,374	20,073	11,689
Not used in the business.....	2,500	427	5,683	2,833
Total fixed assets (net).....	11,137	7,801	25,756	14,522
Other assets:				
Long term investments.....	484	4,869	1,264	2,033
Other assets.....	12	—	18	11
Total other assets.....	496	4,869	1,282	2,044
Total assets.....	15,918	17,864	40,802	23,967
Liabilities				
Current liabilities:				
Accounts and notes payable.....	2,119	2,475	8,773	4,222
Fixed liabilities:				
Mortgages on fixed assets used in the business.....	1,605	3,037	3,250	2,528
Mortgages on fixed assets not used in the business.....	—	444	1,855	690
Total fixed liabilities.....	1,605	3,481	5,105	3,218
Other liabilities.....	387	194	2,146	857
Total liabilities.....	4,111	6,150	16,024	8,297
Net worth: proprietor's or partners' equity in the business.....	11,807	11,714	24,778	15,670
Total liabilities and net worth.....	15,918	17,864	40,802	23,967
Average net sales of stores reporting.....	38,346	79,600	182,940	94,101
Number of stores reporting.....	12	9	9	30

TABLE 25. Independent Fruit and Vegetable Stores — Rented — Financial Structure by Size and Age of Business
as at December 31, 1958

Item	Stores with annual net sales of					Total all sizes \$20,000 and over
	\$20,000 - \$49,999	\$50,000 - \$99,999			\$100,000 and over	
		Under 10 years	10 years and over	Total		
average per store (dollars)						
Assets						
Current assets:						
Cash on hand and in bank	1,447	1,353	3,022	2,465	4,294	2,471
Accounts and notes receivable (net)	262	18	622	421	1,067	493
Merchandise inventory	2,124	3,169	2,756	2,894	3,892	2,822
Other current assets	9	3	3,222	2,149	1,706	1,315
Total current assets	3,842	4,543	9,622	7,929	10,959	7,101
Fixed assets (net):						
Used in the business	2,952	2,687	2,042	2,257	5,296	3,097
Not used in the business	1,399	68	286	214	—	585
Total fixed assets (net)	4,351	2,755	2,328	2,471	5,296	3,682
Other assets:						
Long term investments	304	—	3,667	2,445	1,140	1,442
Other assets	88	757	302	453	670	369
Total other assets	392	757	3,969	2,898	1,810	1,811
Total assets	8,585	8,055	15,919	13,298	18,065	12,594
Liabilities						
Current liabilities:						
Accounts and notes payable	1,499	1,593	3,342	2,759	5,699	2,899
Fixed liabilities:						
Mortgages on fixed assets used in the business	400	—	69	46	570	273
Mortgages on fixed assets not used in the business	130	—	108	72	—	78
Total fixed liabilities	530	—	177	118	570	351
Other liabilities	159	1,301	576	818	549	535
Total liabilities	2,188	2,894	4,085	3,695	6,818	3,785
Net worth: proprietor's or partners' equity in the business	6,397	5,161	11,824	9,603	11,247	8,809
Total liabilities and net worth	8,585	8,055	15,919	13,298	18,065	12,594
Average net sales of stores reporting	38,937	71,714	70,402	70,839	129,103	71,198
Number of stores reporting	23	10	20	30	13	66

DEFINITIONS

PROFIT AND LOSS

Items

Net sales — the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

Purchases — are taken at invoice value less returns and allowances, cash and trade discounts. Added to the cost of merchandise are the following expenses; duty, inward freight, express and trucking, alterations, etc.

Cost of goods sold — determined by adding the beginning inventory to net purchases and deducting the ending inventory.

Gross profit — the difference between "cost of goods sold" and "net sales".

Operating expenses — all costs incurred in the year's operation of a business, except the cost of merchandise. These include:

Salaries and wages (except delivery) — payments to employees before deduction of income tax or unemployment insurance. Proprietors' salaries or withdrawals are included in "net operating profit" in unincorporated store operations.

Delivery — includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licences and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.)

Taxes — business, property and water taxes. Taxes collected for remittance to governmental bodies and income tax are not included.

Insurance — annual proportion of premiums for insurance policies carried to protect the business.

Rent — payments for use of business premises.

Heat, light and power — cost applicable to year's operations.

Repairs and maintenance — costs incurred to keep fixed store assets operating efficiently (excludes capital expenditure).

Store supplies — wrapping paper, office supplies, etc.

Advertising — displays, window dressing and sales promotion.

Net bad debt loss — estimated amount of uncollectable customers' accounts receivable less the amount recovered from former bad debts.

Other expenses — telephone, telegraph, postage, bank charges, legal, auditing and collection fees, etc.

Net operating profit — is the difference between "total operating expenses" and "gross profit" and includes proprietors' salaries and withdrawals before income tax deductions.

Occupancy — the cost of maintaining and occupying a place of business and includes: rent, business and property taxes, insurance, heat, light and power, repairs and maintenance and depreciation.

Non-trading income — interest earned, revenues from rentals, other activities, carrying charges and investments.

Non-trading expense — interest expense, rental expense, any other expenses not pertaining to the business.

Ratios

Stock turnover — the number of times in a year that the average merchandise inventory is sold and replaced. The average of the beginning and ending inventories is divided into the cost of goods sold.

Note: Each of the following ratios are expressed as a percentage of "net sales". Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales' dollar.

Gross profit ratio — sometimes referred to as the "gross margin ratio" or "mark-up" represents the difference between "cost of goods sold" and "net sales". It is the portion of the average sales' dollar from which the merchant meets his operating expenses and obtains his net operating profit.

Operating expense ratios — each item of expense, as well as "total operating expenses" when expressed as a percentage of "net sales" shows the amounts of the average sales' dollar required to operate the average business.

Net operating profit ratio — the remaining proportion of the average sales' dollar after "cost of goods sold" and "total operating expenses" have been deducted. From this amount, the percentage allowances for both proprietors' salaries and income tax should be deducted, in order to determine the percentage to sales of net returns on capital investment.

BALANCE SHEET

Asset Items

Cash on hand or in bank — the amount of cash in the business at the end of the year.

Net accounts receivable — all customers' notes and accounts owing to the business at the end of the year less any reserve for doubtful accounts.

Merchandise inventory — the cost value of merchandise on hand for resale but does not include store supplies on hand.

Other current assets — includes assets which may be converted into cash, if necessary within a reasonably short time, such as Dominion of Canada Bonds and prepaid insurance.

Fixed assets (net) — the cost value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation. Separate figures are shown for assets used in the business and those not used in the business.

Other assets — investments of a permanent nature not readily converted into cash and intangibles such as goodwill and organization costs.

Liabilities and Net Worth Items

Current liabilities — obligations which must be paid in the near future (usually one year) and represent accounts payable or any item that may be considered as a direct lien against current assets.

Fixed liabilities — mortgages secured by fixed assets and separated, as are fixed assets, between those used and not used in business.

Other liabilities — long term notes payable, accrued expenses such as taxes due but not yet paid, and prepaid or deferred income.

Net worth — Unincorporated business — the amount invested in the business together with any accumulated profits after proprietor's or partners' withdrawals.

— Incorporated business — net worth is shown in two parts:

- (1) Capital stock, which represents the shareholders' investment of fully paid-up subscribed shares, and
- (2) Surplus, which represents distributable surplus, capital surplus and earned surplus.

Ratios

Current ratio — $\text{Current Assets} \div \text{Current Liabilities}$ — indicates to what extent the business is able to meet its current obligations out of "current assets". Care should be taken to

examine the components of current assets because overstocking of inventories and overinvestment in credit sales (accounts receivable) can result in a stronger or more favourable ratio.

Liquidity ratio — $\text{Current Assets less Merchandise Inventory} \div \text{Current Liabilities}$ — sometimes referred to as the "acid test", is similar to the "current ratio" as a test of current credit strength. A ratio of 100% (or 1) is usually considered favourable.

Working capital to net worth ratio — denotes the relationship between "working capital" (current assets less current liabilities) and a proprietor's equity in the business. That is, the proportion of "net worth" that could be realized readily if liquidation were necessary.

Worth-debt ratio — $\text{Net Worth} \div \text{Total Liabilities}$ — if used in conjunction with the "current ratio", would reflect any weakening of the capital structure of a business through large loans which give a high "current ratio".

Interstatement Ratio

Turnover of total capital employed — $\text{Net Sales} \div \text{Total Assets}$ used in the business — provides an indication of the degree of management efficiency. However, this ratio should not be used alone because "profits" and not "sales" are the major criterion of efficiency.



Canada. Statistics, Bureau of

OPERATING RESULTS AND FINANCIAL STRUCTURE
RETAIL FOOD STORES
1960

(Independent)



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PUBLICATIONS RELATING TO RETAIL TRADE

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Other occasional reports and 1951 Census reports on retail trade are shown in a complete list of publications of the Dominion Bureau of Statistics which is available on request from the Information Services Division, D.B.S., or from the Queen's Printer, Ottawa.

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OPERATING RESULTS AND FINANCIAL STRUCTURE RETAIL FOOD STORES

1960

(Independent)

INTRODUCTION

This report is a continuation of the practice of the Dominion Bureau of Statistics to publish operating results and financial structure for selected trades primarily as a guide for retailers. The averages and ratios that are shown in this report can be used as a standard by which businessmen can compare their own operating experience. The pattern of expenditures and financial ratios by size and age of business permits direct analysis of operating results for the year. It should be borne in mind, however, that the averages and ratios as published in this report do not represent top performance guides. They are the "average" of a broad range of operational efficiencies.

This report is similar in content to the previous operating results reports issued for this trade. It is important to note that the data shown in this bulletin have been obtained from a co-operative panel of firms which are classified as food stores. An attempt is made in some tables to adjust these data in order to arrive at averages and ratios which are representative of the trades as a whole. These adjusted data are footnoted in various tables of the report. The remaining averages and ratios published in this report have not been weighted and therefore represent the averages and ratios obtained from a reporting panel of firms in each cell.

Note: Profit and loss and balance sheet definitions are shown on the last pages of this report.

INDEPENDENT GROCERY STORES

For the purpose of this report Grocery stores are defined as follows: Retail establishments selling a general line of groceries with not more than 15% of total sales as fresh meats. If the sale of meat exceeds 15% of total business, the retail establishment is classified as a combination store (see page 9).

The "weighted" results from this survey indicate that gross profit, in relation to net sales, increased to 15.35 per cent in 1960 from 15.07 per cent in 1958: an increase of 0.28 per cent. The increase in operating expenses, due primarily to an increase in delivery expense did not offset the increase in gross profit. Final net profit increased to 6.83 per cent of net sales as compared to 6.54 per cent in 1958.

TABLE 1. Operating Results of Independent Grocery Stores, 1954-60

Item	1954	1956	1958	1960
	per cent of net sales			
Gross Profit	14.38	14.76	15.07	15.35
Operating expenses:				
Employees' salaries	2.89	2.55	2.52	2.40
Occupancy	3.30	3.56	3.98	4.00
Delivery	0.88	0.82	0.83	0.95
Office and store supplies	0.52	0.49	0.43	0.44
All other expenses	1.14	1.25	1.42	1.45
Total operating expenses	8.73	8.67	9.18	9.24
Net operating profit before deduction of proprietors' salaries and income tax and addition of net non-trading income	5.65	6.09	5.89	6.11

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 2. Independent Grocery Stores - Balance Sheet Ratios as at December 31, 1954-60

Item	1954	1956	1958	1960
Current ratio—Owned	3.30	3.95	4.76	4.58
Rented	3.01	4.28	3.05	3.78
Liquidity ratio—Owned	1.64	1.84	2.34	2.49
Rented	1.37	1.90	1.32	1.59
Working capital to net worth ratio—Owned	0.44	0.54	0.46	0.50
Rented	0.64	0.63	0.61	0.65
Worth debt ratio—Owned	2.91	2.53	3.60	3.08
Rented	2.48	2.35	2.07	2.39
Turnover of total capital employed—Owned	3.24	2.59	3.11	2.81
Rented	5.59	5.44	4.65	5.66

Note: See page 21 for definitions.

TABLE 3. Independent Grocery Stores — Operating Result by Annual Sales Volume and Occupancy Basis, 1960

Item	Owned stores with annual net sales of					Rented stores with annual net sales of					Total all sizes ¹
	Under \$10,000	\$10,000-19,999	\$20,000-49,999	\$50,000-99,999	\$100,000 and over	\$10,000-19,999	\$20,000-49,999	\$50,000-99,999	\$100,000 and over		
Number of stores reporting	17	65	140	74	22	20	91	80	32		542
Average net sales per store	\$ 6,310	15,774	32,953	66,274	154,837	15,942	35,188	70,523	137,035		56,740
Average beginning inventory	\$ 1,200	2,233	3,272	6,063	11,094	1,675	3,135	5,075	8,457		4,726
Average inventory, end of year	\$ 1,174	2,253	3,274	6,172	11,803	1,588	3,145	5,063	8,534		4,812
Average cost of goods sold	\$ 5,109	13,348	28,098	56,341	131,426	13,399	29,863	59,563	114,910		48,066
Stock turnover (times per year)	4.30	5.95	8.58	9.21	11.48	8.21	9.42	11.75	13.53		10.08
Profit and loss data (Per cent of net sales)											
Gross profit	19.04	15.37	14.73	14.99	15.12	15.95	15.13	15.54	16.14	15.35	
Operating expenses:											
Employees' salaries and wages (except delivery)	1.89	0.78	1.94	2.73	4.15	0.18	1.86	3.15	4.91	2.40	
Delivery	1.57	0.77	0.82	0.86	1.08	0.80	0.69	1.00	1.29	0.95	
Occupancy expenses:											
Taxes	1.78	1.18	0.74	0.56	0.30	0.45	0.35	0.20	0.20	0.60	
Insurance	0.81	0.48	0.38	0.28	0.32	0.33	0.25	0.22	0.22	0.35	
Rent	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	
Light, heat and power	2.42	1.63	1.06	0.80	0.61	4.33	2.84	1.89	1.65	0.87	
Repairs and maintenance	1.44	0.55	0.48	0.29	0.23	0.24	0.27	0.28	0.22	0.40	
Depreciation allowances	0.86	0.82	0.87	1.01	1.32	0.36	0.40	0.70	0.40	0.80	
Total occupancy expenses	7.31	4.66	3.53	2.94	2.78	7.08	4.93	3.92	3.10	4.00	
Office and store supplies	0.96	0.47	0.39	0.44	0.40	0.40	0.43	0.41	0.40	0.44	
Advertising	0.01	0.14	0.20	0.35	0.33	0.14	0.17	0.29	0.37	0.24	
Net loss on bad debts	0.08	0.22	0.08	0.10	0.12	0.34	0.08	0.07	0.07	0.10	
All other expenses	1.11	1.22	1.28	0.90	1.37	1.04	0.92	0.98	1.08	1.11	
Total operating expenses	12.93	8.26	8.24	8.32	10.23	9.98	9.08	9.82	11.22	9.24	
Net operating profit	6.11	7.11	6.49	6.67	4.89	5.97	6.05	5.72	4.92	6.11	
Non-trading income	1.85	1.54	1.48	0.54	1.02	0.30	0.41	0.27	0.18	0.90	
Non-trading expense	—	0.16	0.29	0.09	0.52	0.15	0.17	0.01	0.03	0.18	
Net profit before deduction of proprietors' salaries and income tax	7.96	8.49	7.68	7.12	5.39	6.12	6.29	5.98	5.07	6.83	

¹ Averages and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 4. Independent Grocery Stores — Owned — Financial Structure by Size and Age of Business as at December 31, 1960

Item	Stores with annual net sales of						\$100,000 and over	Total all sizes \$20,000 and over
	\$20,000-49,999			\$50,000-99,999				
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total		
average per store (dollars)								
Assets								
Current assets:								
Cash on hand and in bank	1,437	2,955	2,660	2,890	5,341	4,851	4,210	3,535
Accounts and notes receivable (net)	286	764	667	1,605	1,718	1,696	7,494	1,812
Merchandise inventory	2,677	3,499	3,339	8,040	6,012	6,417	12,082	5,359
Other current assets	37	994	808	210	1,328	1,104	1,982	1,043
Total current assets	4,417	8,212	7,474	12,745	14,399	14,068	25,768	11,749
Fixed assets (net):								
Used in the business	11,589	5,594	6,760	12,893	7,337	8,448	18,043	8,649
Not used in the business	2,040	2,968	2,788	2,817	3,222	3,142	4,325	3,084
Total fixed assets (net)	13,629	8,562	9,548	15,710	10,559	11,590	22,368	11,733
Other assets:								
Long term investments	179	1,041	873	405	655	605	827	783
Other assets	150	77	91	42	89	79	170	97
Total other assets	329	1,118	964	447	744	684	997	880
Total assets	18,375	17,892	17,986	28,902	25,702	26,342	49,133	24,362
Liabilities								
Current liabilities:								
Accounts and notes payable	925	894	900	2,103	2,445	2,377	10,857	2,563
Fixed liabilities:								
Mortgages on fixed assets used in the business	2,576	251	704	4,031	2,082	2,472	3,535	1,600
Mortgages on fixed assets not used in the business	2,303	659	978	583	275	336	1,763	871
Total fixed liabilities	4,879	910	1,682	4,614	2,357	2,808	5,298	2,471
Other liabilities	1,061	583	676	1,404	785	909	2,264	941
Total liabilities	6,865	2,387	3,258	8,121	5,587	6,094	18,419	5,975
Net worth: Proprietor's or partners' equity in the business	11,510	15,505	14,728	20,781	20,115	20,248	30,714	18,387
Total liabilities and net worth	18,375	17,892	17,986	28,902	25,702	26,342	49,133	24,362
Average net sales of stores reporting	29,251	33,358	32,559	67,001	65,623	65,899	152,821	57,514
Number of stores reporting	21	87	108	12	48	60	23	191

**TABLE 5. Independent Grocery Stores — Rented — Financial Structure by Size and Age of Business
as at December 31, 1960**

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000 - 49,999			\$50,000 - 99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
	average per store (dollars)									
Assets										
Current assets:										
Cash on hand and in bank	1,183	1,422	1,312	1,462	2,150	1,836	1,879	4,168	3,235	1,859
Accounts and notes receivable (net)	201	1,873	1,101	1,012	1,034	1,024	1,061	5,461	3,669	1,499
Merchandise inventory	2,819	3,344	3,102	4,641	5,349	5,021	7,412	10,848	9,449	4,988
Other current assets	124	732	451	230	57	137	91	220	167	269
Total current assets	4,327	7,371	5,966	7,345	8,600	8,018	10,443	20,697	16,520	8,615
Fixed assets (net):										
Used in the business	1,529	1,433	1,477	4,169	3,588	3,858	4,310	4,422	4,377	2,984
Not used in the business	1,552	1,282	1,407	2,385	1,003	1,643	127	2,947	1,798	1,574
Total fixed assets (net)	3,081	2,715	2,884	6,554	4,591	5,501	4,437	7,369	6,175	4,558
Other assets:										
Long term investments	50	358	216	56	73	65	—	153	90	131
Other assets	279	567	434	553	573	564	711	8	295	466
Total other assets	329	925	650	609	646	629	711	161	385	597
Total assets	7,737	11,011	9,500	14,508	13,837	14,148	15,591	28,227	23,080	13,770
Liabilities										
Current liabilities:										
Accounts and notes payable	1,007	1,099	1,057	1,832	2,719	2,307	3,062	6,583	5,149	2,279
Fixed liabilities:										
Mortgages on fixed assets used in the business	178	—	82	928	342	614	—	39	23	300
Mortgages on fixed assets not used in the business	530	117	307	1,010	273	615	—	237	140	411
Total fixed liabilities	708	117	389	1,938	615	1,229	—	276	163	711
Other liabilities	730	436	572	1,073	636	839	4,046	2,003	2,836	1,066
Total liabilities	2,445	1,652	2,018	4,843	3,970	4,375	7,108	8,862	8,148	4,056
Net worth: Proprietor's or partners' equity in the business	5,292	9,359	7,482	9,665	9,867	9,773	8,483	19,365	14,932	9,714
Total liabilities and net worth	7,737	11,011	9,500	14,508	13,837	14,148	15,591	28,227	23,080	13,770
Average net sales of stores reporting	36,937	34,633	35,696	69,801	69,971	69,892	120,877	157,199	142,401	68,246
Number of stores reporting	30	35	65	32	37	69	11	16	27	161

INDEPENDENT COMBINATION STORES

For purposes of this report combination stores are defined as follows: Retail establishments selling mainly a combination of groceries and fresh meats with neither constituting less than 15 per cent of the total trade. This survey covered 755 independent and unincorporated combination stores.

In 1960, the gross profit for combination stores increased to 15.36 per cent of net sales, an increase of 0.29 per cent from 1958. This increase was off-

set to some extent by an increase of 0.20 per cent in operating expenses. The largest increase in the operating expenses was in the "all other expenses" category which increased by 0.15 per cent over 1958. The increase in gross profit and total operating expenses resulted in a net operating profit of 4.50 per cent of net sales an increase of .09 per cent from 1958. The difference between non-trading income and non-trading expense raised this operating profit to a final net profit of 4.92 per cent.

TABLE 6. Operating Results of Independent Combination Stores, 1954-60

Item	1954	1956	1958	1960
	per cent of net sales			
Gross profit	15.09	15.40	15.07	15.36
Operating expenses:				
Employees' salaries	4.75	4.38	4.24	4.30
Occupancy	2.93	3.10	3.15	3.27
Delivery	1.11	1.09	1.07	0.99
Office and store supplies	0.61	0.62	0.57	0.52
All other expenses	1.29	1.46	1.63	1.78
Total operating expenses	10.69	10.65	10.66	10.86
Net operating profit before deduction of proprietors' salaries and income tax and addition of net non-trading income	4.40	4.75	4.41	4.50

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 7. Independent Combination Stores - Balance Sheet Ratios as at December 31, 1954-60

Item	1954	1956	1958	1960
Current ratio—Owned	2.40	3.03	2.74	2.86
Rented	2.41	2.94	2.44	2.39
Liquidity ratio—Owned	1.20	1.50	1.39	1.44
Rented	1.24	1.50	1.21	1.19
Working capital to net worth ratio—Owned	0.41	0.41	0.40	0.42
Rented	0.55	0.55	0.52	0.52
Worth debt ratio—Owned	1.90	2.13	1.96	1.95
Rented	1.81	1.85	1.62	1.55
Turnover of total capital employed—Owned	3.89	3.75	4.14	3.81
Rented	6.20	5.79	6.55	6.45

Note: See page 21 for definitions.

TABLE 8. Independent Combination Stores — Operating Results by Annual Sales Volume and Occupancy Basis, 1960

Item	Owned stores with annual net sales of				Rented stores with annual net sales of				Total all sizes ¹
	\$10,000-19,999	\$20,000-49,999	\$50,000-99,999	\$100,000 and over	\$10,000-19,999	\$20,000-49,999	\$50,000-99,999	\$100,000 and over	
Number of stores reporting	34	134	152	149	12	55	94	116	755
Average net sales per store	\$ 15,909	\$ 33,969	\$ 74,110	\$ 189,484	\$ 15,964	\$ 35,974	\$ 73,751	\$ 196,283	\$ 113,385
Average beginning inventory	2,335	3,147	5,444	10,689	1,491	2,641	4,313	9,204	6,613
Average inventory, end of year	2,468	3,209	5,775	11,188	1,466	2,721	4,400	9,578	6,890
Average cost of goods sold	\$ 13,525	\$ 29,001	\$ 63,178	\$ 160,686	\$ 12,930	\$ 30,539	\$ 61,472	\$ 165,218	\$ 95,892
Stock turnover (times per year)	5.56	9.13	11.26	14.70	8.75	11.39	14.11	17.59	14.20
Profit and loss data (Per cent of net sales)									
Gross profit	14.98	14.62	14.75	15.20	19.00	15.11	16.65	15.83	15.36
Operating expenses:									
Employees' salaries and wages (except delivery)	0.99	1.90	4.24	5.55	2.58	1.68	4.54	5.96	4.30
Delivery	0.97	0.98	1.05	0.86	0.96	1.02	1.08	1.03	0.99
Occupancy expenses:									
Taxes	0.98	0.81	0.49	0.32	0.73	0.32	0.24	0.16	0.42
Insurance	0.37	0.40	0.35	0.28	0.30	0.25	0.31	0.24	0.31
Rent	—	—	—	—	4.53	2.51	1.62	0.96	0.58
Heat, light and power	1.82	1.06	0.77	0.51	1.42	0.83	0.56	0.41	0.70
Repairs and maintenance	0.62	0.51	0.39	0.35	0.56	0.38	0.36	0.32	0.39
Depreciation allowances	0.88	1.05	1.05	1.00	0.87	0.42	0.87	0.87	0.87
Total occupancy expenses	4.37	3.85	3.05	2.46	8.21	4.71	3.76	2.76	3.27
Office and store supplies	0.47	0.55	0.43	0.54	0.56	0.56	0.48	0.58	0.52
Advertising	0.14	0.18	0.44	0.80	0.34	0.22	0.35	0.82	0.52
Net loss on bad debts	0.13	0.11	0.12	0.12	0.06	0.11	0.13	0.08	0.11
All other expenses	1.16	1.11	1.08	1.33	1.46	1.18	1.13	1.01	1.15
Total operating expenses	8.23	8.68	10.41	11.66	14.17	9.48	11.48	12.24	10.86
Net operating profit	6.75	5.94	4.34	3.54	4.83	5.63	5.17	3.59	4.50
Non-trading income	1.71	0.82	0.55	0.87	1.01	0.71	0.27	0.20	0.61
Non-trading expense	0.36	0.25	0.07	0.39	—	0.07	0.10	0.08	0.19
Net profit before deduction of proprietors' salaries and income tax	8.10	6.51	4.82	4.02	5.84	6.27	5.34	3.73	4.92

¹ Averages and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 9. Independent Combination Stores — Owned — Financial Structure by Size and Age of Business as at December 31, 1960

Stores with annual net sales of												Total all sizes \$20,000 and over
Item	\$20,000 - 49,999			\$50,000 - 99,999			\$100,000 and over					
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total			
Assets	average per store (dollars)											
Current assets:												
Cash on hand and in bank	2,902	1,414	1,706	1,155	2,818	2,536	4,175	4,983	4,846	3,160		
Accounts and notes receivable (net)	745	1,010	958	2,103	2,429	2,374	3,323	5,496	5,126	2,997		
Merchandise inventory	3,616	3,213	3,292	6,537	5,692	5,835	9,383	11,548	11,180	7,103		
Other current assets	1,741	939	1,097	1,101	470	577	683	1,756	1,573	1,095		
Total current assets	9,004	6,576	7,053	10,896	11,409	11,322	17,564	23,783	22,725	14,355		
Fixed assets (net):												
Used in the business	11,293	8,046	8,684	12,176	9,290	9,778	16,762	20,207	19,621	13,131		
Not used in the business	2,136	2,214	2,199	2,537	2,960	2,888	3,016	6,916	6,253	3,945		
Total fixed assets (net)	13,429	10,260	10,883	14,713	12,250	12,666	19,778	27,123	25,874	17,076		
Other assets:												
Long term investments	3,099	487	1,000	—	1,482	1,231	102	2,798	2,339	1,578		
Other assets	69	185	162	201	182	186	1,548	600	761	393		
Total other assets	3,168	672	1,162	201	1,664	1,417	1,650	3,398	3,100	1,971		
Total assets	25,601	17,508	19,098	25,810	25,323	25,405	38,992	54,304	51,699	33,402		
Liabilities												
Current liabilities:												
Accounts and notes payable	1,078	1,456	1,382	3,710	2,903	3,040	9,104	9,753	9,643	5,027		
Fixed liabilities:												
Mortgages on fixed assets used in the business	3,392	908	1,396	5,681	2,380	2,938	7,004	5,101	5,425	3,426		
Mortgages on fixed assets not used in the business	45	471	388	87	361	315	1,410	2,863	2,615	1,192		
Total fixed liabilities	3,437	1,379	1,784	5,768	2,741	3,253	8,414	7,964	8,040	4,618		
Other liabilities	546	477	490	1,970	1,397	1,493	1,393	2,997	2,724	1,667		
Total liabilities	5,061	3,312	3,656	11,448	7,041	7,786	18,911	20,714	20,407	11,312		
Net worth: Proprietor's or partners' equity in the business	20,540	14,196	15,442	14,362	18,282	17,619	20,081	33,590	31,292	22,090		
Total liabilities and net worth	25,601	17,508	19,098	25,810	25,323	25,405	38,992	54,304	51,699	33,402		
Average net sales of stores reporting	34,072	35,035	34,846	74,012	75,039	74,865	170,873	193,769	189,875	106,319		
Number of stores reporting	22	90	112	23	113	136	25	122	147	395		

TABLE 10. Independent Combination Stores — Rented — Financial Structure by Size and Age of Business as at December 31, 1960

Item	Stores with annual net sales of									Total all sizes \$20,000 and over
	\$20,000 - 49,999			\$50,000 - 99,999			\$100,000 and over			
	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
	average per store (dollars)									
Assets										
Current assets:										
Cash on hand and in bank	788	886	847	1,819	1,876	1,854	3,935	4,744	4,506	2,892
Accounts and notes receivable (net)	201	851	591	1,907	1,675	1,766	2,526	4,578	3,976	2,566
Merchandise inventory	3,414	2,285	2,737	4,509	4,197	4,320	8,829	9,879	9,571	6,452
Other current assets	33	63	51	128	335	253	297	2,260	1,684	878
Total current assets	4,436	4,085	4,226	8,363	8,083	8,193	15,587	21,461	19,737	12,788
Fixed assets (net):										
Used in the business	1,668	2,028	1,884	3,224	2,614	2,854	7,958	8,778	8,537	5,305
Not used in the business	557	991	817	1,931	2,280	2,143	2,263	5,625	4,638	3,046
Total fixed assets (net).....	2,225	3,019	2,701	5,155	4,894	4,997	10,221	14,403	13,175	8,351
Other assets:										
Long term investments	183	1,041	698	156	835	567	358	3,206	2,370	1,428
Other assets	750	620	672	1,275	540	830	2,245	1,183	1,495	1,108
Total other assets	933	1,661	1,370	1,431	1,375	1,397	2,603	4,389	3,865	2,536
Total assets	7,594	8,765	8,297	14,949	14,352	14,587	28,411	40,253	36,777	23,675
Liabilities										
Current liabilities:										
Accounts and notes payable	1,162	1,214	1,194	2,769	2,736	2,749	6,114	10,167	8,977	5,340
Fixed liabilities:										
Mortgages on fixed assets used in the business	94	195	154	499	148	287	1,786	2,709	2,438	1,259
Mortgages on fixed assets not used in the business	478	129	269	992	429	651	2,070	1,422	1,612	1,024
Total fixed liabilities	572	324	423	1,491	577	938	3,856	4,131	4,050	2,283
Other liabilities	790	516	625	1,204	692	894	3,313	2,339	2,626	1,646
Total liabilities	2,524	2,054	2,242	5,464	4,005	4,581	13,283	16,637	15,653	9,269
Net worth: Proprietor's or partners' equity in the business	5,070	6,711	6,055	9,485	10,347	10,006	15,128	23,616	21,124	14,406
Total liabilities net worth.....	7,594	8,765	8,297	14,949	14,352	14,587	28,411	40,253	36,777	23,675
Average net sales of stores reporting	33,074	36,978	35,417	76,988	71,588	73,721	195,015	198,475	197,459	123,780
Number of stores reporting	18	27	45	32	49	81	32	77	109	235

INDEPENDENT MEAT MARKETS

For the purpose of this report, meat markets are defined as follows: Retail establishments selling mainly fresh meats. Other items may include cured meats, poultry, dairy products, eggs, etc. Dry groceries cannot exceed 15 per cent of total sales. Only unincorporated firms were surveyed for financial data.

The gross profit for independent meat markets was at the highest level attained since 1956, reach-

ing 20.25 per cent of net sales as compared to 19.07 per cent in 1958. This increase of 1.18 per cent in gross profit was offset somewhat by an increase of 0.78 per cent in operating expenses. The largest increase in operating expenses was for employees' salaries. The record gross profit and total operating expenses produced a net operating profit of 6.52 per cent. The net gain of non-trading income over non-trading expense raised this to a final net profit of 7.02 per cent of net sales.

TABLE 11. Operating Results of Independent Meat Markets, 1954-60

Item	1954	1956	1958	1960
	per cent of net sales			
Gross profit	18.90	19.61	19.07	20.25
Operating expenses:				
Employees' salaries	5.53	5.47	5.48	5.83
Occupancy	3.37	3.48	3.54	3.62
Delivery	1.35	1.30	1.24	1.32
Office and store supplies	0.94	1.00	0.98	1.08
All other expenses	1.34	1.48	1.71	1.88
Total operating expenses	12.53	12.73	12.95	13.73
Net operating profit before deduction of proprietors' salaries and income tax and addition of net non-trading income	6.37	6.88	6.12	6.52

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 12. Independent Meat Markets — Balance Sheet Ratios as at December 31, 1954-60

Item	1954	1956	1958	1960
Current ratio—Owned	2.43	3.07	2.38	3.24
Rented	2.33	2.46	2.09	1.80
Liquidity ratio—Owned	1.88	2.43	1.84	2.76
Rented	1.88	2.02	1.63	1.42
Working capital to net worth ratio—Owned	0.32	0.37	0.29	0.38
Rented	0.43	0.49	0.43	0.37
Worth debt ratio—Owned	2.06	2.72	2.49	2.19
Rented	2.11	2.29	1.71	1.47
Turnover of total capital employed—Owned	3.99	3.63	4.17	3.65
Rented	6.58	6.71	7.70	7.45

Note: See page 21 for definitions.

TABLE 13. Independent Meat Markets — Operating Results by Annual Sales Volume and Occupancy Basis, 1960

Item	Owned stores with annual net sales of			Rented stores with annual net sales of			Total all sizes ¹
	\$20,000-49,999	\$50,000-99,999	\$100,000 and over	\$20,000-49,999	\$50,000-99,999	\$100,000 and over	
Number of stores reporting	28	20	21	33	49	26	190
Average net sales per store	\$ 33,678	70,960	153,947	36,047	70,044	188,874	98,844
Average beginning inventory	\$ 574	1,320	3,285	653	1,127	2,540	1,652
Average inventory, end of year	\$ 614	1,293	3,559	617	1,114	3,019	1,798
Average cost of goods sold	\$ 27,199	56,323	121,241	28,654	55,622	152,534	78,972
Stock turnover (times per year)	45.79	43.13	35.43	45.12	49.66	54.87	45.78
Profit and loss data (Per cent of net sales)							
Gross profit	19.23	20.63	21.24	20.51	20.59	19.24	20.25
Operating expenses:							
Employees' salaries and wages (except delivery)	3.08	6.69	8.69	2.44	5.80	7.51	5.83
Delivery	1.53	1.32	1.21	1.65	1.29	1.12	1.32
Occupancy expenses:							
Taxes	0.64	0.48	0.38	0.19	0.15	0.11	0.34
Insurance	0.35	0.32	0.36	0.18	0.22	0.19	0.27
Rent	—	—	—	2.39	1.75	1.28	0.92
Heat, light and power	1.01	0.73	0.69	0.74	0.64	0.30	0.69
Repairs and maintenance	0.46	0.49	0.62	0.38	0.47	0.40	0.48
Depreciation allowances	1.11	1.39	1.08	0.76	0.73	0.63	0.92
Total occupancy expenses	3.57	3.41	3.13	4.64	3.96	2.91	3.62
Office and store supplies	0.92	1.14	1.15	0.93	0.96	1.27	1.08
Advertising	0.16	0.23	0.49	0.15	0.33	0.24	0.27
Net loss on bad debts	0.09	0.09	0.12	0.06	0.04	0.04	0.06
All other expenses	1.86	1.39	1.83	1.45	1.46	1.35	1.53
Total operating expenses	11.21	14.27	16.62	11.32	13.84	14.44	13.73
Net operating profit	8.02	6.36	4.62	9.19	6.75	4.80	6.52
Non-trading income	1.92	1.42	1.05	0.24	0.18	0.04	0.71
Non-trading expense	0.46	0.77	0.17	0.03	—	—	0.21
Net profit before deduction of proprietors' salaries and income tax	9.48	7.01	5.50	9.40	6.93	4.84	7.02

¹ Averages and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 14. Independent Meat Markets — Owned — Financial Structure by Size of Business as at December 31, 1960

Item	Stores with annual net sales of			Total all sizes \$20,000 and over
	\$20,000-49,999	\$50,000-99,999	\$100,000 and over	
Assets	average per store (dollars)			
Current assets:				
Cash on hand and in bank	3,389	4,617	4,607	4,135
Accounts and notes receivable (net)	1,536	1,165	6,991	3,284
Merchandise inventory	627	1,360	3,200	1,698
Other current assets	727	3,906	2,695	2,257
Total current assets	6,279	11,048	17,493	11,374
Fixed assets (net):				
Used in the business	6,119	10,086	19,867	11,855
Not used in the business	3,057	10,380	4,649	5,582
Total fixed assets (net)	9,176	20,466	24,516	17,437
Other assets:				
Long term investments	614	57	2,631	1,147
Other assets	183	216	56	149
Total other assets	797	273	2,687	1,296
Total assets	16,252	31,787	44,696	30,107
Liabilities				
Current liabilities:				
Accounts and notes payable	685	2,109	7,887	3,512
Fixed liabilities:				
Mortgages on fixed assets used in the business	1,181	4,374	5,353	3,461
Mortgages on fixed assets not used in the business	182	2,797	1,241	1,250
Total fixed liabilities	1,363	7,171	6,594	4,711
Other liabilities	812	511	2,244	1,216
Total liabilities	2,860	9,791	16,725	9,439
Net worth: proprietor's or partners' equity in the business	13,392	21,996	27,971	20,668
Total liabilities and net worth	16,252	31,787	44,696	30,107
Average net sales of stores reporting	32,835	73,479	155,377	85,397
Number of stores reporting	23	16	20	59

TABLE 15. Independent Meat Markets — Rented — Financial Structure by Size and Age of Business as at December 31, 1960

Item	Stores with annual net sales of							Total all sizes \$20,000 and over
	\$20,000- 49,999	\$50,000-99,999			\$100,000 and over			
		Under 10 years	10 years and over	Total	Under 10 years	10 years and over	Total	
	average per store (dollars)							
Assets								
Current assets:								
Cash on hand and in bank	1,673	1,988	2,616	2,415	1,496	6,947	4,676	2,776
Accounts and notes receivable (net)	916	1,565	1,761	1,699	2,349	8,217	5,772	2,496
Merchandise inventory	568	1,094	1,121	1,112	3,284	3,190	3,229	1,490
Other current assets	210	19	58	46	99	618	402	178
Total current assets	3,367	4,666	5,556	5,272	7,228	18,972	14,079	6,940
Fixed assets (net):								
Used in the business	2,603	4,859	2,948	3,558	6,146	10,991	8,973	4,641
Not used in the business	2,364	1,205	511	732	—	2,225	1,298	1,310
Total fixed assets (net)	4,967	6,064	3,459	4,290	6,146	13,216	10,271	5,951
Other assets:								
Long term investments	360	682	39	244	1,000	514	716	392
Other assets.....	525	957	83	362	2,321	1,020	1,562	703
Total other assets	885	1,639	122	606	3,321	1,534	2,278	1,095
Total assets.....	9,219	12,369	9,137	10,168	16,695	33,722	26,628	13,986
Liabilities								
Current liabilities:								
Accounts and notes payable	1,209	1,949	2,925	2,613	4,656	12,306	9,119	3,846
Fixed liabilities:								
Mortgages on fixed assets used in business.....	82	254	38	107	1,503	2,247	1,937	553
Mortgages on fixed assets not used in business	110	567	109	255	—	414	241	213
Total fixed liabilities	192	821	147	362	1,503	2,661	2,178	766
Other liabilities.....	624	1,815	327	802	2,593	1,505	1,959	1,040
Total liabilities.....	2,025	4,585	3,399	3,777	8,752	16,472	13,256	5,632
Net worth; proprietor's or partners' equity in the business.....	7,194	7,784	5,738	6,391	7,943	17,250	13,372	8,334
Total liabilities and net worth	9,219	12,369	9,137	10,168	16,695	33,722	26,628	13,986
Average net sales of stores reporting	36,268	68,885	70,145	69,743	144,024	229,418	193,837	91,474
Number of stores reporting.....	26	15	32	47	10	14	24	97

INDEPENDENT CONFECTIONERY STORES

For the purpose of this report, confectionery stores are defined as follows: Retail establishments selling mainly candy and confectionery, soft drinks, soda fountain products and ice cream to the extent of at least 50 per cent of total net sales. Other items sold may include tobacco products, groceries, fresh fruits and vegetables and printed matter.

A record gross profit of 19.91 per cent of total sales was attained by stores in this classification. This, as well as the fact that total operating expenses also declined produced a net operating profit of 8.44 per cent of net sales, an increase of 0.97 per cent from 7.47 per cent recorded in 1958. The net of non-trading income and non-trading expense added 1.17 per cent to make a final net profit of 9.61 per cent for the year 1960.

TABLE 16. Operating Results of Independent Confectionery Stores, 1954-60

Item	1954	1956	1958	1960
Gross profit	17.57	18.98	19.15	19.91
Operating expenses:				
Employees' salaries	2.79	3.20	3.27	3.06
Occupancy	5.60	5.82	6.19	6.07
Delivery	0.20	0.16	0.27	0.30
Office and Store Supplies	0.43	0.47	0.49	0.45
All other expenses	1.21	1.36	1.46	1.59
Total operating expenses	10.23	11.01	11.68	11.47
Net operating profit before deduction of proprietors' salaries and income tax and addition of net non-trading income	7.34	7.97	7.47	8.44

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 17. Independent Confectionery Stores - Balance Sheet Ratios as at December 31, 1954-60

Item	1954	1956	1958	1960
Current ratio—Owned	2.54	2.62	3.87	4.71
Rented	2.18	3.14	4.10	4.34
Liquidity ratio—Owned	1.07	1.41	1.96	2.55
Rented	0.93	1.49	2.05	2.32
Working capital to net worth ratio—Owned	0.28	0.26	0.29	0.36
Rented	0.41	0.48	0.61	0.68
Worth debt ratio—Owned	2.92	2.25	2.69	4.82
Rented	1.95	2.16	3.03	2.65
Turnover to total capital employed—Owned	3.02	2.51	3.00	3.10
Rented	6.41	4.73	5.58	4.82

Note: See page 21 for definitions.

TABLE 18. Independent Confectionery Stores—Operating Results, by Annual Sales Volume and Occupancy Basis, 1960

Item	Owned stores with annual net sales of			Rented stores with annual net sales of			Total all sizes ¹
	\$10,000-19,999	\$20,000-49,999	\$50,000-99,999	\$10,000-19,999	\$20,000-49,999	\$50,000-99,999	
Number of stores reporting	12	21	11	14	33	10	115
Average net sales per store	\$ 15,473	\$ 32,239	\$ 67,122	\$ 15,621	\$ 32,870	\$ 64,622	\$ 30,596
Average beginning inventory	1,661	2,346	3,383	1,219	2,175	4,285	2,189
Average inventory, end of year	1,731	2,315	3,339	1,278	2,212	5,492	2,278
Average cost of goods sold	\$ 12,416	\$ 26,305	\$ 56,304	\$ 12,470	\$ 26,040	\$ 50,116	\$ 24,546
Stock turnover (times per year)	7.32	11.29	16.75	9.99	11.87	10.25	10.99
Profit and loss data (Per cent of net sales)							
Gross profit	19.76	18.41	16.11	20.17	20.78	22.45	19.91
Operating expenses:							
Employees' salaries and wages (except delivery)	1.41	5.85	2.65	1.53	2.48	6.63	3.06
Delivery	0.11	0.29	0.49	0.58	0.39	0.35	0.30
Occupancy expenses:							
Taxes	1.24	1.07	0.86	0.58	0.34	0.22	0.82
Insurance	0.64	0.46	0.29	0.16	0.32	0.29	0.40
Rent				2.86	3.26	3.13	1.79
Heat, light and power	1.44	1.64	0.94	1.46	1.02	0.99	1.60
Repairs and maintenance	0.91	0.77	0.60	0.51	0.51	0.42	0.63
Depreciation allowances	1.32	0.94	0.77	0.81	0.70	1.04	0.83
Total occupancy expenses	5.55	4.88	3.46	6.38	6.15	6.09	6.07
Office and store supplies	0.32	0.39	0.42	0.39	0.57	0.42	0.45
Advertising	0.09	0.08	0.13	0.11	0.20	0.43	0.16
Net loss on bad debts	0.11	0.04	0.01	0.03	0.04	0.03	0.04
All other expenses	2.14	1.28	0.83	0.89	1.14	2.04	1.39
Total operating expenses	9.73	12.81	7.99	9.91	10.97	15.99	11.47
Net operating profit	10.03	5.60	8.12	10.26	9.81	6.46	8.44
Non-trading income	4.87	1.06	1.29	0.91	0.47	0.96	1.34
Non-trading expense	0.30	0.04	0.42	0.39	0.10	0.34	0.17
Net profit before deduction of proprietors' salaries and income tax	14.60	6.62	8.99	10.78	10.18	7.08	9.61

¹Averages and ratios "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 19. Independent Confectionery Stores—Owned—Financial Structure by Size of Business as at December 31, 1960

Item	Stores with annual net sales of \$20,000 - 49,999	Total all sizes \$20,000 - 99,999
average per store (dollars)		
Assets		
Current assets:		
Cash on hand and in bank	1,487	1,673
Accounts and notes receivable (net)	187	186
Merchandise inventory	2,445	3,384
Other current assets	1,521	2,144
Total current assets	5,640	7,387
Fixed assets (net):		
Used in the business	7,861	8,323
Not used in the business	4,039	3,094
Total fixed assets (net)	11,900	11,417
Other assets:		
Long term investments	853	537
Other assets	—	—
Total other assets	853	537
Total assets	18,393	19,341
Liabilities		
Current liabilities:		
Accounts and notes payable	722	1,567
Fixed liabilities:		
Mortgages on fixed assets used in the business	1,213	952
Mortgages on fixed assets not used in the business	940	591
Total fixed liabilities	2,153	1,543
Other liabilities	229	211
Total liabilities	3,104	3,321
Net worth: proprietor's or partners' equity in the business	15,289	16,020
Total liabilities and net worth	18,393	19,341
Average net sales of stores reporting	33,302	48,766
Number of stores reporting	17	27

TABLE 20. Independent Confectionery Stores — Rented — Financial Structure by Size and Age of Business
as at December 31, 1960

Item	Stores with annual net sales of				Total all sizes \$20,000 - 99,999
	\$20,000 - 49,999			\$50,000 - 99,999	
	Under 10 years	10 years and over	Total		
average per store (dollars)					
Assets					
Current assets:					
Cash on hand and in bank	1,290	2,993	2,273	1,874	2,223
Accounts and notes receivable (net)	6	197	116	395	194
Merchandise inventory	2,462	1,979	2,183	5,366	3,181
Other current assets	20	2,675	1,552	618	1,240
Total current assets	3,778	7,844	6,124	8,253	6,838
Fixed assets (net):					
Used in the business	1,513	1,755	1,652	2,503	2,078
Not used in the business	909	1,398	1,192	1,953	1,380
Total fixed assets (net)	2,422	3,153	2,844	4,456	3,458
Other assets:					
Long term investments	—	—	—	—	—
Other assets	830	9	356	470	380
Total other assets	830	9	356	470	380
Total assets	7,030	11,006	9,324	13,179	10,676
Liabilities					
Current liabilities:					
Accounts and notes payable	922	1,290	1,135	2,263	1,574
Fixed liabilities:					
Mortgages on fixed assets used in the business	500	—	211	923	412
Mortgages on fixed assets not used in the business	—	—	—	1,268	367
Total fixed liabilities	500	—	211	2,191	779
Other liabilities	921	318	573	621	572
Total liabilities	2,343	1,608	1,919	5,075	2,925
Net worth: proprietor's or partners' equity in the business	4,687	9,398	7,405	8,104	7,751
Total liabilities and net worth	7,030	11,006	9,324	13,179	10,676
Average net sales of stores reporting	34,977	32,507	33,552	65,334	44,799
Number of stores reporting.....	11	15	26	11	38

INDEPENDENT FRUIT AND VEGETABLE STORES

For purposes of this report, fruit and vegetable stores are defined as follows: Retail establishments selling mainly fresh fruit and fresh vegetables. Although other items may also be sold, the sale of fruits and vegetables must constitute at least 50% of the total trade.

The ratio of gross profit to net sales increased to 19.67 per cent as compared to 19.00 per cent in 1958. This increase in gross profit was offset by an increase in operating expenses with the result that net operating profits increased by only 0.22 per cent of net sales. Non-trading income exceeded non-trading expense thereby raising net operating profit by 0.57 per cent to a final net profit of 7.30 per cent.

TABLE 21 Operating Results of Independent Fruit and Vegetable Stores, 1954 - 60

Item	1954	1956	1958	1960
	per cent of net sales			
Gross profit	18.42	19.39	19.00	19.67
Operating expenses:				
Employees' salaries	4.35	3.94	4.02	4.47
Occupancy	4.46	4.69	4.72	4.95
Delivery	1.46	1.34	1.38	1.25
Office and store supplies	1.06	0.97	1.03	0.90
All other expenses	1.14	1.13	1.34	1.37
Total operating expenses	12.47	12.07	12.49	12.94
Net operating profit before deduction of proprietors' salaries and income tax and addition of net non-trading income	5.95	7.32	6.51	6.73

Note: These ratios are "weighted" according to the 1951 Census weights of the different sales sizes for independent stores.

TABLE 22. Independent Fruit and Vegetable Stores - Balance Sheet Ratios as at December 31, 1954 - 60

Item	1954	1956	1958	1960
Current ratio - Owned	2.80	4.77	1.75	2.29
Rented	2.66	3.43	2.45	2.56
Liquidity ratio - Owned	1.75	2.53	1.02	1.37
Rented	1.17	2.24	1.48	1.29
Working capital to net worth ratio - Owned	0.28	0.33	0.20	0.20
Rented	0.55	0.52	0.48	0.42
Worth debt ratio - Owned	3.21	2.77	1.89	2.54
Rented	2.36	2.70	2.33	2.45
Turnover of total capital employed - Owned	3.95	3.50	4.93	3.40
Rented	7.46	5.63	6.74	6.57

Note: See page 21 for definitions.

TABLE 23. Independent Fruit and Vegetable Stores — Operating Results by Annual Sales Volume and Occupancy Basis, 1960

Item	Owned stores with annual net sales of \$20,000-49,999	Rented stores with annual net sales of			Total all sizes ¹
		\$20,000-49,999	\$50,000-99,999	\$100,000 and over	
Number of stores reporting	13	28	33	11	114
Average net sales per store	33,727	35,929	68,513	140,312	77,351
Average beginning inventory	1,800	2,209	3,344	5,504	3,087
Average inventory, end of year	1,764	2,347	3,067	5,619	3,028
Average cost of goods sold	28,177	29,100	54,836	113,068	62,007
Stock turnover (times per year)	15.81	12.77	17.10	20.33	20.34
Profit and loss data (Per cent of net sales)					
Gross profit	16.45	19.01	19.96	19.42	19.67
Operating expenses:					
Employees' salaries and wages (except delivery)	2.95	3.20	4.24	7.72	4.47
Delivery	1.28	0.98	1.18	1.35	1.25
Occupancy expenses:					
Taxes	1.02	0.39	0.30	0.22	0.66
Insurance	0.30	0.35	0.34	0.27	0.37
Rent	—	3.66	2.95	1.73	2.06
Heat, light and power	0.80	0.76	0.65	0.64	0.78
Repairs and maintenance	0.63	0.32	0.33	0.41	0.41
Depreciation allowances	0.37	0.45	0.57	0.84	0.67
Total occupancy expenses	3.12	5.93	5.14	4.11	4.95
Office and store supplies	0.73	0.64	0.94	0.80	0.90
Advertising	0.09	0.14	0.33	0.14	0.18
Net loss on bad debts	0.02	—	0.03	—	0.01
All other expenses	1.94	1.07	0.95	0.96	1.18
Total operating expenses	10.13	11.96	12.81	15.08	12.94
Net operating profit	6.32	7.05	7.15	4.34	6.73
Non-trading income	4.30	—	0.14	0.50	0.95
Non-trading expense	2.59	—	0.07	—	0.38
Net profit before deduction of proprietors' salaries and income tax	8.03	7.05	7.22	4.84	7.30

¹ Averages and ratios "weighted" according to the 1951 census weights of the different sales sizes for independent stores.**TABLE 24. Independent Fruit and Vegetable Stores — Owned — Financial Structure by Size of Business as at December 31, 1960**

Item	Stores with annual net sales of \$20,000- 49,999	Total all sizes \$20,000 and over
	average per store (dollars)	
Assets		
Current assets:		
Cash on hand and in bank	1,641	2,194
Accounts and notes receivable (net)	361	1,508
Merchandise inventory	1,667	2,984
Other current assets	1,211	730
Total current assets	4,880	7,416
Fixed assets (net):		
Used in the business	10,358	16,893
Not used in the business	2,864	4,233
Total fixed assets (net)	13,222	21,126
Other assets:		
Long term investments	136	874
Other assets	14	153
Total other assets	150	1,027
Total assets	18,252	29,569
Liabilities		
Current liabilities:		
Accounts and notes payable	904	3,243
Fixed liabilities:		
Mortgages on fixed assets used in the business	—	2,295
Mortgages on fixed assets not used in the business	472	677
Total fixed liabilities	472	2,972
Other liabilities	1,882	2,131
Total liabilities	3,258	8,346
Net worth: proprietor's or partners' equity in the business	14,994	21,223
Total liabilities and net worth	18,252	29,569
Average net sales of stores reporting	33,410	
Number of stores reporting	11	22

TABLE 25. Independent Fruit and Vegetable Stores - Rented - Financial Structure by Size and Age of Business as at December 31, 1960

Item	Stores with annual net sales of					Total all sizes \$20,000 and over
	\$20,000 - 49,999	\$50,000 - 99,999			\$100,000 and over	
		Under 10 years	10 years and over	Total		
	average per store (dollars)					
Assets						
Current assets:						
Cash on hand and in bank	1,904	1,202	3,544	2,676	3,863	2,682
Accounts and notes receivable (net)	39	95	249	192	1,137	330
Merchandise inventory	2,600	3,319	2,319	2,689	5,347	3,174
Other current assets	334	274	153	198	12	201
Total current assets	4,877	4,890	6,265	5,755	10,359	6,387
Fixed assets (net):						
Used in the business	1,554	3,233	2,053	2,490	13,399	4,318
Not used in the business	154	1,013	468	670	2,429	860
Total fixed assets (net)	1,708	4,246	2,521	3,160	15,828	5,178
Other assets:						
Long term investments	—	—	2,471	1,556	1,283	1,054
Other assets	268	1,504	369	789	—	487
Total other assets	268	1,504	2,840	2,345	1,283	1,541
Total assets	6,853	10,640	11,626	11,260	27,470	13,106
Liabilities						
Current liabilities:						
Accounts and notes payable	988	1,105	1,619	1,429	7,616	2,491
Fixed liabilities:						
Mortgages on fixed assets used in the business	—	1,138	131	503	1,765	601
Mortgages on fixed assets not used in the business	167	201	—	75	1,060	291
Total fixed liabilities	167	1,339	131	578	2,825	892
Other liabilities	66	996	197	493	756	420
Total liabilities	1,221	3,440	1,947	2,500	11,197	3,803
Net worth: proprietor's or partners' equity in the business	5,632	7,200	9,679	8,760	16,273	9,303
Total liabilities and net worth	6,853	10,640	11,626	11,260	27,470	13,106
Average net sales of stores reporting	36,193	67,059	68,673	68,075	144,119	73,502
Number of stores reporting	15	10	17	27	10	52

DEFINITIONS

PROFIT AND LOSS

Items

Net sales — the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

Purchases — are taken at invoice value less returns and allowances, cash and trade discounts. Added to the cost of merchandise are the following expenses; duty, inward freight, express and trucking, alterations, etc.

Cost of goods sold — determined by adding the beginning inventory to net purchases and deducting the ending inventory.

Gross profit — the difference between "cost of goods sold" and "net sales".

Operating expenses — all costs incurred in the year's operation of a business, except the cost of merchandise. These include:

Salaries and wages (except delivery) — payments to employees before deduction of income tax or unemployment insurance. Proprietors' salaries or withdrawals are included in "net operating profit" in unincorporated store operations.

Delivery — includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licences and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.)

Taxes — business, property and water taxes. Taxes collected for remittance to governmental bodies and income tax are not included.

Insurance — annual proportion of premiums for insurance policies carried to protect the business.

Rent — payments for use of business premises.

Heat, light and power — cost applicable to year's operations.

Repairs and maintenance — costs incurred to keep fixed store assets operating efficiently (excludes capital expenditure).

Store supplies — wrapping paper, office supplies, etc.

Advertising — displays, window dressing and sales promotion.

Net bad debt loss — estimated amount of uncollectable customers' accounts receivable less the amount recovered from former bad debts.

Other expenses — telephone, telegraph, postage, bank charges, legal, auditing and collection fees, etc.

Net operating profit — is the difference between "total operating expenses" and "gross profit" and includes proprietors' salaries and withdrawals before income tax deductions.

Occupancy — the cost of maintaining and occupying a place of business and includes: rent, business and property taxes, insurance, heat, light and power, repairs and maintenance and depreciation.

Non-trading income — interest earned, revenues from rentals, other activities, carrying charges and investments.

Non-trading expense — interest expense, rental expense, any other expenses not pertaining to the business.

Ratios

Stock turnover — the number of times in a year that the average merchandise inventory is sold and replaced. The average of the beginning and ending inventories is divided into the cost of goods sold.

Note: Each of the following ratios are expressed as a percentage of "net sales". Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales' dollar.

Gross profit ratio — sometimes referred to as the "gross margin ratio" or "mark-up" represents the difference between "cost of goods sold" and "net sales". It is the portion of the average sales' dollar from which the merchant meets his operating expenses and obtains his net operating profit.

Operating expense ratios — each item of expense, as well as "total operating expenses" when expressed as a percentage of "net sales" shows the amounts of the average sales' dollar required to operate the average business.

Net operating profit ratio — the remaining proportion of the average sales' dollar after "cost of goods sold" and "total operating expenses" have been deducted. From this amount, the percentage allowances for both proprietors' salaries and income tax should be deducted, in order to determine the percentage to sales of net returns on capital investment.

BALANCE SHEET

Asset Items

Cash on hand or in bank — the amount of cash in the business at the end of the year.

Net accounts receivable — all customers' notes and accounts owing to the business at the end of the year less any reserve for doubtful accounts.

Merchandise inventory — the cost value of merchandise on hand for resale but does not include store supplies on hand.

Other current assets — includes assets which may be converted into cash, if necessary within a reasonably short time, such as Dominion of Canada Bonds and prepaid insurance.

Fixed assets (net) — the cost value of land, buildings, furniture, fixtures and equipment less any reserves for depreciation. Separate figures are shown for assets used in the business and those not used in the business.

Other assets — investments of a permanent nature not readily converted into cash and intangibles such as goodwill and organization costs.

Liabilities and Net Worth Items

Current liabilities — obligations which must be paid in the near future (usually one year) and represent accounts payable or any item that may be considered as a direct lien against current assets.

Fixed liabilities — mortgages secured by fixed assets and separated, as are fixed assets, between those used and not used in business.

Other liabilities — long term notes payable, accrued expenses such as taxes due but not yet paid, and prepaid or deferred income.

Net worth — Unincorporated business — the amount invested in the business together with any accumulated profits after proprietor's or partners' withdrawals.

— Incorporated business — net worth is shown in two parts:

- (1) Capital stock, which represents the shareholders' investment of fully paid-up subscribed shares, and
- (2) Surplus, which represents distributable surplus, capital surplus and earned surplus.

Ratios

Current ratio — $\text{Current Assets} \div \text{Current Liabilities}$ — indicates to what extent the business is able to meet its current obligations out of "current assets". Care should be taken to

examine the components of current assets because overstocking of inventories and overinvestment in credit sales (accounts receivable) can result in a stronger or more favourable ratio.

Liquidity ratio — $\text{Current Assets less Merchandise Inventory} \div \text{Current Liabilities}$ — sometimes referred to as the "acid test", is similar to the "current ratio" as a test of current credit strength. A ratio of 100% (or 1) is usually considered favourable.

Working capital to net worth ratio — denotes the relationship between "working capital" (current assets less current liabilities) and a proprietor's equity in the business. That is, the proportion of "net worth" that could be realized readily if liquidation were necessary.

Worth-debt ratio — $\text{Net Worth} \div \text{Total Liabilities}$ — if used in conjunction with the "current ratio", would reflect any weakening of the capital structure of a business through large loans which give a high "current ratio".

Interstatement Ratio

Turnover of total capital employed — $\text{Net Sales} \div \text{Total Assets}$ used in the business — provides an indication of the degree of management efficiency. However, this ratio should not be used alone because "profits" and not "sales" are the major criterion of efficiency.



FOOD STORES

(Independent, Including Stores Organized in Voluntary Chains)

OPERATING RESULTS

1963

The last issue of this report, formerly known as Operating Results and Financial Structure - Retail Food Stores (Independent), was for 1960. Previously Biennial, it is now Triennial.

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DOMINION BUREAU OF STATISTICS

Merchandising and Services Division

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FOOD STORES

(Independent, Including Stores Organized in Voluntary Chains)

OPERATING RESULTS

1963

INTRODUCTION

This report is the first of its kind since 1960. During the 1961 Census of Merchandising and Service Establishments, data were collected on gross profit ratios for retail trades and these are published in Table 20, Volume VI, Part 1, of the Census of Canada, 1961; the small bulletin containing Table 20 bears Catalogue No. 97-505. These publications are obtainable from the Queen's Printer, Ottawa.

It is the intention to survey the trades reported on by the present bulletin every three years.

The figures in this report are published primarily as a guide for retailers. The averages and ratios that are shown can be used as a standard against which business men can compare their own operating experience. Data are provided for various types and sizes of operations. However, it is well to keep in mind that the averages and ratios published here do not represent the ideal situation to be aimed for. They are merely the observed results of a range of operational efficiencies. Where averages and ratios are given for a number of size categories or a number of types of operation, a weighting procedure has been applied to such data. These ratios are "weighted" according to the Census weights of the different sales sizes for independent stores. Data on financial structure are no longer collected.

For the next report, in addition to the type of data being made available now, it is intended to produce averages and ratios for stores engaged entirely, or almost entirely, in dealing in certain key commodities such as groceries, meat, confectionery, vegetables and so forth. The information on the cost of retailing specific commodities, as distinguished from the cost of retailing a combination of commodities generally handled by an identifiable trade, will then be available. This information is often required when the costs of marketing various commodities are under study.

Note: Definitions are given at the end of this report.

GROCERY STORES, INDEPENDENT

Stores in this category are primarily engaged in selling a general line of groceries and non-edible grocery items such as tissues, soap, cleaning agents and polishes. Other items may include cooked or prepared meats, a small quantity of fresh meats (less than 15 per cent of total sales), fresh fruits and vegetables, drug sundries and also a general line of merchandise such as is found in country general stores. Grocery items should constitute at least 68 per cent of the total trade with fresh meats not more than 15 per cent. An exception is made in the case of stores selling a combination of fruits, vegetables and groceries, together with candy and confectionery, ice cream, tobacco and magazines. In such stores, if fruits, vegetables and groceries together form 40 per cent of the total trade and groceries predominate, the stores come within this classification. Unincorporated businesses, incorporated companies and co-operative associations were surveyed.

Over 1,300 usable reports were received from unincorporated businesses and incorporated companies. The gross profit for independent, unincorporated businesses was 15.45 per cent of net sales in 1963 compared with 15.35 per cent in 1960. For 1961, the Census of Merchandising calculated a figure of 15.6 per cent but this calculation included the data from incorporated companies and chain stores. Salaries and wages, in 1963, excluding the pay for delivery employees, were 2.86 per cent of net sales compared with 2.40 per cent in 1960. Delivery expense was 0.79 per cent (0.95 per cent in 1960), occupancy expenses were 4.24 per cent (4.00 per cent), office and store supplies 0.46 per cent (0.44 per cent), all other expenses 1.71 percent (1.45 per cent). Total operating expenses were 10.06 per cent (9.24 per cent) and net operating

profit, before deduction of proprietors' salaries, withdrawals, and income tax and addition of net non-trading income, was 5.39 per cent (6.11 per cent). Taking account of non-trading income and expense, net operating profit was 5.94 per cent of net sales compared with 6.83 per cent in 1960. In the detailed tables, figures are given for stores not affiliated in voluntary groups and for stores so affiliated. There is also a distinction made between stores with owned premises and stores with rented premises.

For the first time data were collected from independent stores operated by incorporated companies. For all stores the gross profit was 17.06 per cent of net sales. Salaries and wages were 8.23 per cent, delivery expense was 0.38 per cent, occupancy expense was 3.20 per cent, office and store supplies 0.56 per cent, all other expenses 1.92 per cent, making total operating expenses 14.29 per cent of net sales. Net operating profit, before adding net non-trading income and before making allowance for income tax, was 2.77 per cent of net sales. The addition for net non-trading income was 0.28 per cent. As in the case of unincorporated businesses, there are figures for stores not affiliated in voluntary groups and for stores so affiliated. A distinction is made in this category also between stores with owned premises and stores with rented premises.

At the end of this section, data are given for co-operative associations operating grocery stores. Usable reports were received from five stores in the sales range of \$50,000-\$500,000. Gross profit was 15.64 per cent of net sales. Total operating expenses were 13.74 per cent and net profit, after taking account of net non-trading income and expense, was 2.12 per cent of net sales.

TABLE 1. Grocery Stores, Independent, Operating Results, 1954 - 63

Item	Unincorporated businesses					Incorporated ¹
	1954	1956	1958	1960	1963	1963
	per cent of net sales					
Gross profit	14.38	14.76	15.07	15.35	15.45	17.06
Operating expenses:						
Employees' salaries and wages (except delivery employees).....	2.89	2.55	2.52	2.40	2.86	8.23
Delivery expenses including salaries	0.88	0.82	0.83	0.95	0.79	0.38
Occupancy expenses	3.30	3.56	3.98	4.00	4.24	3.20
Office and store supplies	0.52	0.49	0.43	0.44	0.46	0.56
All other expenses	1.14	1.25	1.42	1.45	1.71	1.92
Total operating expenses	8.73	8.67	9.18	9.24	10.06	14.29
Net operating profit before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income	5.65	6.09	5.89	6.11	5.39	2.77²

¹ Please refer to detail table following for data on incorporated Consumer Co-operative Stores.

² Net operating profit before addition of net non-trading income and allowance for income tax.

TABLE 2. Grocery Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy
(Unincorporated Businesses), 1963
Not Affiliated in Voluntary Groups

Item	Owned premises with annual net sales of							Total
	Under \$10,000	\$10,000-19,999	\$20,000-29,999	\$30,000-49,999	\$50,000-99,999	\$100,000-199,999		
Number of businesses reporting	76	83	57	86	64	28		395
Average net sales per business	\$ 5,801	14,836	24,898	40,078	70,966	141,086		56,157
Average beginning inventory	\$ 1,139	1,935	3,540	4,135	6,791	10,671		5,130
Average inventory, end of year	\$ 1,148	1,915	3,649	4,306	7,045	11,402		5,361
Average cost of goods sold	\$ 4,859	12,693	21,331	34,486	59,812	118,058		47,515
Stock turnover (times per year)	4.07	6.59	5.93	8.17	8.65	10.70		9.04
Profit and loss data (Per cent of net sales)								
Gross profit	19.68	14.44	14.33	13.95	15.72	16.32		15.21
Operating expenses:								
Employees' salaries and wages (except delivery)	0.89	1.36	2.04	1.70	3.44	5.12		2.58
Delivery expenses (including salaries and wages)	0.73	0.76	0.85	0.93	0.71	0.74		0.78
Occupancy expenses:								
Taxes	1.78	1.47	0.81	0.79	0.58	0.63		0.85
Insurance	0.88	0.79	0.52	0.34	—	0.34		0.47
Rent	—	—	—	—	—	—		—
Heat, light and power	3.33	1.85	1.30	0.94	0.80	0.66		1.18
Repairs and maintenance	0.92	0.74	0.48	0.47	0.46	0.39		0.53
Depreciation allowances	0.86	0.74	1.19	0.82	1.31	1.22		1.07
Total occupancy expenses	7.77	5.59	4.30	3.36	3.53	3.24		4.10
Office and store supplies	0.81	0.56	0.39	0.43	0.38	0.41		0.44
Advertising	0.08	0.10	0.15	0.25	0.34	0.51		0.25
Net loss on bad debts	1.18	0.41	0.35	0.29	0.28	0.13		0.35
All other expenses	1.21	1.66	1.09	1.10	1.05	1.40		1.19
Total operating expenses	12.67	10.44	9.17	8.06	9.73	11.55		9.69
Net operating profit	7.01	4.00	5.16	5.89	5.99	4.77		5.52
Non-trading income	0.82	2.98	1.59	0.44	0.68	0.29		1.03
Non-trading expense	0.02	0.24	0.29	0.05	0.25	0.08		0.17
Net profit before deduction of proprietors' salaries, with- drawals and income tax	7.81	6.74	6.46	6.28	6.42	4.98		6.38
Rented premises with annual net sales of								Total owned and rented
	Under \$10,000	\$10,000-19,999	\$20,000-29,999	\$30,000-49,999	\$50,000-99,999	\$100,000-199,999	Total	
Number of businesses reporting	5	17	27	17	44	21	133	528
Average net sales per business	\$ 7,449	16,345	25,544	39,020	68,546	133,936	74,427	62,003
Average beginning inventory	\$ 1,213	2,219	1,934	2,690	5,301	8,882	5,064	5,109
Average inventory, end of year	\$ 1,097	2,371	1,991	2,965	5,473	8,980	5,228	5,318
Average cost of goods sold	\$ 6,085	13,278	21,980	32,892	57,307	111,395	62,121	52,188
Stock turnover (times per year)	5.27	5.79	11.20	11.63	10.64	13.47	12.07	10.01
Profit and loss data (Per cent of net sales)								
Gross profit	18.31	18.76	13.95	15.70	16.40	16.83	16.29	15.55
Operating expenses:								
Employees' salaries and wages (except delivery)	1.97	1.53	1.12	2.22	3.21	4.66	3.13	2.76
Delivery expenses (including salaries and wages)	—	1.88	0.50	0.45	1.15	1.03	0.92	0.82
Occupancy expenses:								
Taxes	0.41	0.38	0.59	0.36	0.27	0.27	0.33	0.68
Insurance	0.28	0.46	0.30	0.36	0.21	0.29	0.28	0.41
Rent	7.54	3.86	2.81	3.17	2.24	2.02	2.65	0.85
Heat, light and power	2.82	1.62	1.01	0.91	0.65	0.65	0.81	1.06
Repairs and maintenance	0.31	0.78	0.23	0.55	0.31	0.42	0.41	0.49
Depreciation allowances	0.39	0.45	0.33	0.34	0.69	0.62	0.54	0.90
Total occupancy expenses	11.75	7.55	5.27	5.69	4.37	4.27	5.02	4.39
Office and store supplies	0.53	0.85	0.36	0.39	0.59	0.52	0.56	0.48
Advertising	0.10	0.27	0.08	0.34	0.30	0.32	0.32	0.27
Net loss on bad debts	—	0.53	0.16	0.10	0.09	0.04	0.11	0.27
All other expenses	0.97	1.20	0.70	1.51	0.88	0.99	1.05	1.15
Total operating expenses	15.32	13.81	8.19	10.70	10.59	12.03	11.11	10.14
Net operating profit	2.99	4.95	5.76	5.00	5.81	4.80	5.18	5.41
Non-trading income	—	0.94	0.19	0.06	0.18	0.30	0.21	0.77
Non-trading expense	—	0.78	—	—	0.17	0.02	0.11	0.15
Net profit before deduction of proprietors' salaries, with- drawals and income tax	2.99	5.11	5.95	5.06	5.82	5.08	5.28	6.03

TABLE 3. Grocery Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy
(Unincorporated Businesses), 1963
 Affiliated in Voluntary Groups

Item	Owned premises with annual net sales of							Total
	\$10,000 - 19,999	\$20,000 - 29,999	\$30,000 - 49,999	\$50,000 - 99,999	\$100,000 - 199,999	\$200,000 - 499,999		
Number of businesses reporting	8	30	134	249	150	28		60
Average net sales per business	15,945	25,701	40,272	70,385	133,139	271,427		115,333
Average beginning inventory	2,919	4,701	6,188	9,484	14,545	24,496		12,693
Average inventory, end of year	2,762	4,755	6,472	9,734	15,050	24,998		13,203
Average cost of goods sold	13,521	21,827	34,457	60,114	113,553	228,923		98,055
Stock turnover (times per year)	4.76	4.62	5.44	6.26	7.67	9.44		7.5
Profit and loss data (Per cent of net sales)								
Gross profit	15.20	15.08	14.44	14.59	14.71	15.66		14.7
Operating expenses:								
Employees' salaries and wages (except delivery)	0.34	1.71	1.46	2.55	3.68	5.11		3.1
Delivery expenses (including salaries and wages)....	1.56	0.75	0.75	0.61	0.59	0.56		0.6
Occupancy expenses:								
Taxes	1.46	1.05	0.67	0.51	0.38	0.33		0.4
Insurance	0.77	0.61	0.52	0.43	0.34	0.32		0.4
Rent	—	—	—	—	—	—		—
Heat, light and power	2.33	1.51	1.18	0.92	0.71	0.52		0.8
Repairs and maintenance	1.20	0.80	0.49	0.46	0.41	0.47		0.4
Depreciation allowances	1.56	1.28	1.13	1.40	1.19	0.99		1.2
Total occupancy expenses	7.32	5.25	3.99	3.72	3.03	2.63		3.4
Office and store supplies	0.54	0.36	0.40	0.38	0.32	0.46		0.3
Advertising	0.40	0.41	0.37	0.51	0.48	1.11		0.5
Net loss on bad debts	0.13	0.10	0.24	0.20	0.12	0.16		0.1
All other expenses	1.15	1.43	1.22	1.15	1.05	1.02		1.1
Total operating expenses	11.44	10.01	8.43	9.12	9.27	11.05		9.4
Net operating profit	3.76	5.07	6.01	5.47	5.44	4.61		5.3
Non-trading income	2.17	1.85	0.64	0.57	0.34	0.22		0.4
Non-trading expense	0.44	0.33	0.51	0.18	0.03	0.06		0.1
Net profit before deduction of proprietors' salaries, withdrawals and income tax	5.49	6.59	6.14	5.86	5.75	4.77		5.7
Rented premises with annual net sales of								Total owned and rented
	\$10,000 - 29,999	\$30,000 - 49,999	\$50,000 - 99,999	\$100,000 - 199,999	\$200,000 - 499,999	\$500,000 - 999,999	Total	
Number of businesses reporting	4	34	105	73	13	3	232	83
Average net sales per business	21,210	40,709	74,146	132,207	275,231	610,372	150,585	127,993
Average beginning inventory	2,406	4,233	6,776	9,647	19,583	27,928	10,793	12,011
Average inventory, end of year	2,261	4,318	7,122	10,195	20,777	32,449	11,511	12,599
Average cost of goods sold	17,325	34,739	62,673	112,230	223,092	511,641	127,389	108,595
Stock turnover (times per year)	7.42	8.13	9.02	11.31	11.55	16.95	11.42	8.8
Profit and loss data (Per cent of net sales)								
Gross profit	18.36	14.66	15.47	15.11	15.31	16.18	15.32	14.9
Operating expenses:								
Employees' salaries and wages (except delivery)	1.07	1.98	2.65	3.68	5.35	6.92	3.65	3.3
Delivery expenses (including salaries and wages)....	0.79	0.56	0.82	0.65	0.91	0.95	0.76	0.6
Occupancy expenses:								
Taxes	0.35	0.24	0.21	0.14	0.06	0.22	0.16	0.3
Insurance	0.34	0.24	0.22	0.17	0.20	0.23	0.20	0.3
Rent	2.73	2.31	1.94	1.34	1.36	0.39	0.59	0.5
Heat, light and power	1.73	1.01	0.69	0.58	0.63	0.35	0.65	0.7
Repairs and maintenance	0.84	0.29	0.28	0.27	0.30	0.25	0.28	0.4
Depreciation allowances	0.81	0.64	0.82	0.77	0.87	0.92	0.81	1.0
Total occupancy expenses	6.80	4.73	4.16	3.27	3.42	2.86	3.69	3.5
Office and store supplies	0.34	0.40	0.36	0.40	0.49	1.24	0.43	0.3
Advertising	0.50	0.27	0.45	0.52	0.82	1.50	0.57	0.5
Net loss on bad debts	—	0.06	0.09	0.11	0.21	—	0.11	0.1
All other expenses	1.07	0.96	0.92	0.85	0.91	1.35	0.92	1.0
Total operating expenses	10.57	8.96	9.45	9.48	12.11	14.82	10.13	9.6
Net operating profit	7.79	5.70	6.02	5.63	3.20	1.36	5.19	5.3
Non-trading income	0.76	0.26	0.14	0.17	0.08	—	0.15	0.3
Non-trading expense	—	—	0.04	0.04	—	—	0.03	0.1
Net profit before deduction of proprietors' salaries, withdrawals and income tax	8.55	5.96	6.12	5.76	3.28	1.36	5.31	5.5

**TABLE 4. Grocery Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy
(Incorporated Businesses), 1963**
Not Affiliated in Voluntary Groups

Item	Owned premises with annual net sales of			Rented premises with annual net sales of			Total owned and rented
	\$50,000 - 99,999	\$200,000 - 499,999	Total	\$100,000 - 199,999	\$200,000 - 499,999	Total	
Number of businesses reporting	4	4	9	3	3	6	15
Average net sales per business	\$ 81,082	263,072	165,918	154,145	218,196	197,053	188,743
Average beginning inventory	\$ 3,969	14,381	9,315	9,733	12,908	11,860	11,181
Average inventory, end of year	\$ 4,121	14,356	9,543	10,994	11,584	11,389	10,896
Average cost of goods sold	\$ 66,597	223,906	139,909	123,812	177,472	159,759	154,461
Stock turnover (times per year)	16.46	15.58	14.84	11.95	14.49	13.74	13.99
Profit and loss data (Per cent of net sales)							
Gross profit	17.86	14.89	17.06	19.68	18.66	19.00	18.48
Operating expenses:							
Employees' salaries and wages (except delivery)	9.34	8.94	9.69	9.31	7.99	8.43	8.77
Delivery expenses (including salaries and wages)	0.86	0.36	0.52	0.39	0.39	0.39	0.42
Occupancy expenses:							
Taxes	0.85	0.63	0.71	0.27	0.36	0.33	0.43
Insurance	0.55	0.35	0.48	0.11	0.16	0.14	0.23
Rent	—	—	—	1.26	1.46	1.39	1.02
Heat, light and power	1.37	0.51	0.84	0.32	0.43	0.39	0.51
Repairs and maintenance	0.76	0.36	0.55	0.05	0.28	0.21	0.30
Depreciation allowances	1.46	1.23	1.55	0.49	0.49	0.49	0.77
Total occupancy expenses	4.99	3.08	4.13	2.50	3.18	2.95	3.26
Office and store supplies	1.03	0.79	0.80	0.45	0.35	0.38	0.49
Advertising	0.04	0.62	0.32	0.32	0.12	0.19	0.23
Net loss on bad debts	—	0.03	0.01	—	—	—	—
All other expenses	3.07	1.27	2.07	0.51	0.51	0.51	0.93
Total operating expenses	19.33	15.03	17.54	13.48	12.54	12.85	14.10
Net operating profit	- 1.47	- 0.14	- 0.48	6.20	6.12	6.15	4.38
Non-trading income	3.00	0.13	1.27	—	—	—	0.34
Non-trading expense	0.27	—	0.11	—	—	—	0.03
Net profit before allowance for income tax	1.26	- 0.01	0.68	6.20	6.12	6.15	4.69

**TABLE 5. Grocery Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy
(Incorporated Businesses), 1963**
Affiliated in Voluntary Groups

Item	Owned premises with annual net sales of				Rented premises with annual net sales of				Total owned and rented
	\$50,000 - 99,999	\$100,000 - 199,999	\$200,000 - 499,999	Total	\$100,000 - 199,999	\$200,000 - 499,999	\$500,000 - 999,999	Total	
Number of businesses reporting	8	14	10	33	20	18	3	45	78
Average net sales per business	\$ 78,558	141,330	265,604	357,133	132,773	312,739	662,460	498,041	449,001
Average beginning inventory	\$ 16,488	17,038	30,983	43,473	18,139	24,789	36,206	28,982	34,025
Average inventory, end of year	\$ 15,458	18,241	34,224	46,883	19,870	27,538	38,763	31,748	37,015
Average cost of goods sold	\$ 67,065	116,538	218,779	293,440	113,204	264,509	554,355	421,645	377,028
Stock turnover (times per year)	4.20	6.61	6.71	6.50	5.96	10.11	14.79	13.89	10.61
Profit and loss data (Per cent of net sales)									
Gross profit	14.63	17.54	17.63	17.36	14.74	15.42	16.32	15.48	16.13
Operating expenses:									
Employees' salaries and wages (except delivery)	8.29	8.55	8.77	8.58	7.67	8.53	6.72	7.52	7.89
Delivery expenses (including salaries and wages)	0.47	0.47	0.25	0.36	0.33	0.39	0.26	0.36	0.36
Occupancy expenses:									
Taxes	0.53	0.42	0.34	0.38	0.19	0.21	0.17	0.18	0.25
Insurance	0.45	0.34	0.36	0.36	0.30	0.21	0.14	0.18	0.24
Rent	—	—	—	—	1.39	1.09	1.28	1.15	0.75
Heat, light and power	0.90	0.81	0.54	0.65	0.69	0.76	0.48	0.62	0.63
Repairs and maintenance	0.24	0.51	0.34	0.35	0.37	0.32	0.27	0.28	0.30
Depreciation allowances	1.19	1.66	1.28	1.39	0.65	1.09	0.55	0.74	0.97
Total occupancy expenses	3.31	3.74	2.86	3.13	3.59	3.68	2.87	3.15	3.14
Office and store supplies	0.49	0.58	0.55	0.55	0.36	0.59	0.78	0.62	0.60
Advertising	0.41	0.65	0.65	0.67	0.44	0.92	1.19	0.95	0.85
Net loss on bad debts	0.91	0.36	0.37	0.53	0.16	0.08	- 0.01	0.05	0.22
All other expenses	2.29	1.22	1.26	1.41	1.15	1.02	1.62	1.33	1.35
Total operating expenses	16.17	15.47	14.71	15.23	13.70	15.21	13.43	13.98	14.41
Net operating profit	- 1.54	2.07	2.92	2.13	1.04	0.21	2.89	1.50	1.72
Non-trading income	1.23	0.49	0.38	0.57	0.09	0.10	0.18	0.11	0.27
Non-trading expense	—	0.04	—	0.01	0.04	0.03	—	0.02	0.02
Net profit before allowance for income tax	- 0.31	2.52	3.30	2.69	1.09	0.28	3.07	1.59	1.97

TABLE 6. Grocery Stores, Consumer Co-operative, Operating Results of Associations, 1963

Item	Owned premises with annual net sales of \$50,000 and over
Number of businesses reporting	5
Average net sales per business \$	82,602
Average beginning inventory \$	13,384
Average inventory, end of year \$	14,019
Average cost of goods sold \$	69,804
Stock turnover (times per year)	5.09
Profit and loss data (Per cent of net sales)	
Gross profit	15.64
Operating expenses:	
Employees' salaries and wages (except delivery)	8.40
Delivery expenses (including salaries and wages)	0.63
Occupancy expenses:	
Taxes	0.69
Insurance	0.32
Rent	—
Heat, light and power	0.69
Repairs and maintenance	0.23
Depreciation allowances	0.31
Total occupancy expenses	2.24
Office and store supplies	0.25
Advertising	0.14
Net loss on bad debts	0.10
All other expenses	1.98
Total operating expenses	13.74
Net operating profit	1.90
Non-trading income	0.26
Non-trading expense	0.04
Net profit before allowance for income tax	2.12

COMBINATION STORES, INDEPENDENT

Stores in this category are primarily engaged in selling a combination of groceries and fresh meat, the latter usually accounting for 15 to 50 per cent of sales. Fresh fruits and vegetables, along with some confectionery and tobacco products, often form part of the trade. Unincorporated businesses, incorporated companies and co-operative associations were surveyed.

Over three thousand usable reports were received from both unincorporated businesses and incorporated companies. The gross profit for independent unincorporated businesses was 15.50 per cent of net sales in 1963 compared with 15.36 per cent in 1960. For 1961 the Census of Merchandising calculated a figure of 17.7 per cent but this calculation included the data from incorporated companies and chain stores. Salaries and wages, in 1963, excluding the pay for delivery employees, were 4.73 per cent of net sales compared with 4.30 per cent in 1960. Delivery expense was 0.86 per cent (0.99 per cent in 1960), occupancy expenses were 3.22 per cent (3.27 per cent), office and store supplies 0.54 per cent (0.52 per cent), all other expenses 2.13 per cent (1.78 per cent). Total operating expenses were 11.48 per cent (10.86 per cent) and net operating profit before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income was 4.02 per cent (4.50 per cent). Taking account of non-trading income and expense, net operating profit was 4.26 per cent of net sales compared with 4.92 per cent in 1960. In the detailed

tables, figures are given for stores not affiliated in voluntary groups and for stores so affiliated. There is also a distinction made between stores with owned premises and stores with rented premises.

For the first time data were collected from independent stores operated by incorporated companies. For all stores, the gross profit was 16.74 per cent of net sales. Salaries and wages were 7.82 per cent, delivery expenses were 0.59 per cent, occupancy expense was 3.18 per cent, office and store supplies 0.69 per cent, all other expense 2.62 per cent, making total operating expenses 14.90 per cent of net sales. Net operating profit, before adding net non-trading income and before making allowance for income tax, was 1.84 per cent of net sales. The addition for net non-trading income was 0.15 per cent. As in the case of unincorporated businesses, there are figures for stores not affiliated in voluntary groups and for stores so affiliated. A distinction is made in this category also between stores with owned premises and stores with rented premises.

At the end of this section, data are given for co-operative associations operating combination stores. Usable reports were received from five stores in the sales range of \$50,000 to \$500,000. Gross profit was 18.16 per cent of net sales. Total operating expenses were 15.25 per cent and net profit, after taking account of net non-trading income and expense, was 2.86 per cent of net sales.

TABLE 7. Combination Stores, Independent, Operating Results, 1954-63

Item	Unincorporated businesses					Incorporated ¹
	1954	1956	1958	1960	1963	1963
	per cent of net sales					
Gross profit	15.09	15.40	15.07	15.36	15.50	16.74
Operating expenses:						
Employees' salaries and wages (except delivery employees)	4.75	4.38	4.24	4.30	4.73	7.82
Delivery expenses including salaries	1.11	1.09	1.07	0.99	0.86	0.59
Occupancy expenses	2.93	3.10	3.15	3.27	3.22	3.18
Office and store supplies	0.61	0.62	0.57	0.52	0.54	0.69
All other expenses	1.29	1.46	1.63	1.78	2.13	2.62
Total operating expenses	10.69	10.65	10.66	10.86	11.48	14.90
Net operating profit before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income	4.40	4.75	4.41	4.50	4.02	1.84 ²

¹ Please refer to detailed table following for data on incorporated Consumer Co-operative Stores.

² Net operating profit before addition of net non-trading income and allowance for income tax.

TABLE 8. Combination Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy
(Unincorporated Businesses), 1963
Not Affiliated in Voluntary Groups

Item	Owned premises with annual net sales of									Total
	Under \$10,000	\$10,000-19,999	\$20,000-29,999	\$30,000-49,999	\$50,000-99,999	\$100,000-199,999	\$200,000-499,999	\$500,000-and over		
Number of businesses reporting	16	26	32	71	124	78	34	4	385	
Average net sales per business	\$ 5,981	15,770	24,452	40,528	70,586	139,989	280,964	844,441	158,937	
Average beginning inventory	\$ 1,135	2,566	3,040	4,157	5,528	8,298	14,588	37,261	9,138	
Average inventory, end of year	\$ 1,126	2,796	3,200	4,201	5,770	8,591	15,154	35,053	9,301	
Average cost of goods sold	\$ 4,475	13,508	21,485	34,828	59,999	118,700	234,898	738,722	135,436	
Stock turnover (times per year)	3.96	5.04	6.89	8.33	10.62	14.06	15.80	20.43	14.69	
Profit and loss data (Per cent of net sales)										
Gross profit	25.19	14.35	12.13	14.06	15.32	15.21	16.40	12.51	15.03	
Operating expenses:										
Employees' salaries and wages (except delivery)	1.57	1.85	1.09	2.09	3.88	5.01	6.37	5.31	4.32	
Delivery expenses (including salaries and wages)	1.89	0.97	1.32	0.88	0.88	1.00	1.00	0.32	0.93	
Occupancy expenses:										
Taxes	3.97	1.76	1.15	0.82	0.60	0.38	0.36	0.19	0.56	
Insurance	1.10	0.57	0.47	0.42	0.37	0.30	0.31	0.09	0.34	
Rent	4.96	2.31	1.34	1.17	0.87	0.59	0.47	0.37	0.80	
Heat, light and power	0.88	1.12	0.51	0.54	0.40	0.44	0.33	0.20	0.43	
Repairs and maintenance	0.87	0.67	0.67	0.86	1.00	0.80	1.11	1.00	0.92	
Depreciation allowances										
Total occupancy expenses	11.78	6.43	4.14	3.81	3.24	2.51	2.58	1.85	3.05	
Office and store supplies	1.41	0.92	0.41	0.52	0.52	0.46	0.58	0.20	0.50	
Advertising	0.16	0.10	0.09	0.25	0.42	0.64	0.81	0.88	0.53	
Net loss on bad debts	0.54	0.58	0.63	0.21	0.22	0.18	0.08	0.05	0.30	
All other expenses	3.83	1.49	1.22	1.11	1.07	1.15	1.56	0.81	1.20	
Total operating expenses	21.48	12.34	8.90	8.87	10.23	10.95	12.98	9.42	10.73	
Net operating profit	3.71	2.01	3.23	5.19	5.09	4.26	3.42	3.09	4.30	
Non-trading income	3.72	0.39	1.06	0.68	0.74	0.41	0.52	0.02	0.57	
Non-trading expense	1.81	—	0.22	0.03	0.33	0.13	0.22	—	0.18	
Net profit before deduction of proprietors' salaries, with- drawals and income tax	5.62	2.40	4.07	5.84	5.50	4.54	3.72	3.11	4.69	
Rented premises with annual net sales of										
	Under \$30,000	\$30,000-49,999	\$50,000-99,999	\$100,000-199,999	\$200,000-499,999	Total		Total owned and rented		
Number of businesses reporting	6	24	65	59	22	177		562		
Average net sales per business	\$ 23,639	40,973	74,634	139,452	272,175	148,495		155,314		
Average beginning inventory	\$ 2,884	2,983	5,130	7,379	13,075	7,789		8,670		
Average inventory, end of year	\$ 2,470	3,180	5,199	7,966	13,210	8,466		9,011		
Average cost of goods sold	\$ 20,669	34,393	62,448	116,891	228,990	124,516		131,647		
Stock turnover (times per year)	7.72	11.16	12.09	15.54	17.42	15.32		14.89		
Profit and loss data (Per cent of net sales)										
Gross profit	12.79	16.06	16.33	16.18	15.87	16.07		15.39		
Operating expenses:										
Employees' salaries and wages (except delivery)	2.87	3.46	3.84	5.39	6.28	4.87		4.51		
Delivery expenses (including salaries and wages)	0.47	0.93	1.06	1.04	0.82	0.97		0.94		
Occupancy expenses:										
Taxes	0.24	0.43	0.32	0.21	0.14	0.25		0.45		
Insurance	0.27	0.28	0.30	0.24	0.27	0.27		0.32		
Rent	3.12	2.42	1.93	1.43	0.93	1.63		0.60		
Heat, light and power	0.72	0.75	0.61	0.46	0.43	0.53		0.71		
Repairs and maintenance	0.45	0.24	0.28	0.31	0.31	0.30		0.38		
Depreciation allowances	0.26	0.51	0.76	0.53	0.71	0.63		0.82		
Total occupancy expenses	5.06	4.63	4.20	3.18	2.79	3.61		3.28		
Office and store supplies	0.58	0.69	0.68	0.54	0.64	0.60		0.54		
Advertising	0.38	0.30	0.55	0.60	0.61	0.56		0.54		
Net loss on bad debts	0.20	0.14	0.17	0.07	0.07	0.11		0.17		
All other expenses	1.41	0.96	0.97	0.87	1.21	1.00		1.09		
Total operating expenses	10.97	11.11	11.47	11.69	12.42	11.72		11.07		
Net operating profit	1.82	4.95	4.86	4.49	3.45	4.35		4.32		
Non-trading income	1.53	0.09	0.27	0.25	0.07	0.24		0.46		
Non-trading expense	—	0.06	0.10	0.13	0.06	0.10		0.15		
Net profit before deduction of proprietors' salaries, with- drawals and income tax	3.35	4.98	5.03	4.61	3.46	4.49		4.63		

TABLE 9. Combination Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy
(Unincorporated Businesses), 1963
 Affiliated in Voluntary Groups

Item	Owned premises with annual net sales of							Total
	\$10,000- 19,999	\$20,000- 29,999	\$30,000- 49,999	\$50,000- 99,999	\$100,000- 199,999	\$200,000- 499,999	\$500,000- 999,999	
Number of businesses reporting	9	35	119	442	486	279	19	1,389
Average net sales per business	\$ 17,158	25,983	40,880	75,197	142,421	287,479	621,210	230,921
Average beginning inventory	\$ 3,265	4,026	5,480	7,637	10,517	14,633	34,408	13,598
Average inventory, end of year	\$ 3,738	3,770	5,611	7,929	11,207	15,911	37,797	14,682
Average cost of goods sold	\$ 14,522	22,016	34,647	64,144	120,757	243,254	516,834	194,898
Stock turnover (times per year)	4.15	5.65	6.25	8.24	11.12	15.93	14.31	13.78
Profit and loss data (Per cent of net sales)								
Gross profit	15.36	15.27	15.25	14.70	15.21	15.38	16.80	15.34
Operating expenses:								
Employees' salaries and wages (except delivery)	1.32	1.43	1.96	3.24	4.66	5.48	6.14	4.88
Delivery expenses (including salaries and wages)	0.76	1.45	0.92	0.75	0.79	0.74	0.73	0.76
Occupancy expenses:								
Taxes	0.87	1.11	0.69	0.53	0.42	0.32	0.31	0.39
Insurance	0.91	0.80	0.51	0.39	0.33	0.29	0.36	0.33
Rent	2.21	1.76	1.28	0.88	0.67	0.53	0.47	0.63
Heat, light and power	0.56	0.96	0.61	0.47	0.41	0.44	0.32	0.43
Repairs and maintenance	2.45	2.14	1.28	1.22	1.20	1.15	1.20	1.18
Depreciation allowances								
Total occupancy expenses	7.00	6.77	4.37	3.49	3.03	2.73	2.66	2.96
Office and store supplies	0.55	0.52	0.53	0.45	0.47	0.53	0.66	0.51
Advertising	0.24	0.36	0.40	0.61	0.86	1.21	1.56	1.02
Net loss on bad debts	0.19	0.18	0.13	0.18	0.16	0.12	0.17	0.15
All other expenses	2.62	1.78	1.38	1.15	1.20	1.35	2.05	1.34
Total operating expenses	12.68	12.49	9.75	9.87	11.17	12.16	13.97	11.62
Net operating profit	2.68	2.78	5.50	4.83	4.04	3.22	2.83	3.72
Non-trading income	5.87	1.49	0.50	0.62	0.34	0.26	0.33	0.35
Non-trading expense	0.66	0.06	0.08	0.22	0.08	0.09	0.06	0.10
Net profit before deduction of proprietors' salaries, withdrawals and income tax	7.89	4.21	5.92	5.23	4.30	3.39	3.10	3.97
Rented premises with annual net sales of								Total owned and rented
	Under \$50,000	\$50,000- 99,999	\$100,000- 199,999	\$200,000- 499,999	\$500,000- 999,999	\$1,000,000 and over	Total	
Number of businesses reporting	23	149	292	230	27	5	726	2,115
Average net sales per business	\$ 41,266	75,530	142,520	288,995	640,084	1,233,930	301,246	259,325
Average beginning inventory	\$ 4,979	5,847	8,608	13,424	28,226	40,971	14,026	13,771
Average inventory, end of year	\$ 5,343	5,997	9,071	14,769	27,726	44,859	14,887	14,765
Average cost of goods sold	\$ 34,618	63,572	119,922	241,824	537,047	1,025,636	252,221	218,051
Stock turnover (times per year)	6.71	10.92	13.57	17.15	19.20	23.90	17.45	15.28
Profit and loss data (Per cent of net sales)								
Gross profit	16.05	15.83	15.86	16.32	16.10	16.88	16.14	15.66
Operating expenses:								
Employees' salaries and wages (except delivery)	1.85	3.43	5.04	5.53	6.07	5.84	5.24	5.03
Delivery expenses (including salaries and wages)	0.77	0.95	0.88	0.71	0.51	0.15	0.74	0.75
Occupancy expenses:								
Taxes	0.27	0.25	0.18	0.15	0.16	0.29	0.17	0.30
Insurance	0.41	0.28	0.25	0.23	0.18	0.10	0.23	0.29
Rent	2.38	1.70	1.26	1.21	1.24	1.22	1.28	0.52
Heat, light and power	0.90	0.68	0.55	0.47	0.49	0.60	0.52	0.59
Repairs and maintenance	0.35	0.35	0.33	0.34	0.31	0.34	0.34	0.39
Depreciation allowances	1.05	0.79	0.82	0.85	0.91	0.74	0.85	1.05
Total occupancy expenses	5.36	4.05	3.39	3.25	3.29	3.46	3.39	3.14
Office and store supplies	0.52	0.43	0.43	0.62	0.83	1.00	0.59	0.54
Advertising	0.38	0.66	1.04	1.43	1.52	1.38	1.25	1.11
Net loss on bad debts	0.21	0.30	0.11	0.07	0.03	0.02	0.09	0.13
All other expenses	2.08	0.96	1.18	1.54	1.71	2.57	1.45	1.37
Total operating expenses	11.17	10.68	12.07	13.15	13.96	14.42	12.75	12.07
Net operating profit	4.88	5.15	3.79	3.17	2.14	2.46	3.39	3.59
Non-trading income	0.17	0.17	0.08	0.09	0.01	0.03	0.08	0.23
Non-trading expense	0.12	0.09	0.07	0.07	—	0.05	0.06	0.08
Net profit before deduction of proprietors' salaries, withdrawals and income tax	4.93	5.23	3.80	3.19	2.15	2.44	3.41	3.74

**TABLE 10. Combination Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy
(Incorporated Businesses), 1963**
Not Affiliated in Voluntary Groups

Item	Owned premises with annual net sales of			Rented premises with annual net sales of			Total owned and rented
	\$100,000 - 199,999	\$200,000 - 499,999	Total	\$ 50,000 - 199,999	\$200,000 - 499,999	Total	
Number of businesses reporting	8	6	17	14	10	26	43
Average net sales per business	\$ 152,539	333,374	732,869	142,789	299,819	405,033	559,066
Average beginning inventory	\$ 14,230	29,396	39,617	13,245	11,406	23,324	30,979
Average inventory, end of year	\$ 14,260	29,832	40,571	13,268	12,729	22,532	31,008
Average cost of goods sold	\$ 127,370	278,210	620,165	118,607	243,601	333,126	467,991
Stock turnover (times per year)	8.94	9.39	15.47	8.95	20.19	14.53	15.10
Profit and loss data (Per cent of net sales)							
Gross profit	16.50	16.55	15.91	16.90	18.75	17.88	16.95
Operating expenses:							
Employees' salaries and wages (except delivery)	8.63	9.67	8.40	9.45	9.16	8.50	8.45
Delivery expenses (including salaries and wages)....	1.38	0.22	0.41	0.79	1.09	1.13	0.79
Occupancy expenses:							
Taxes	0.38	0.38	0.34	0.33	0.89	0.53	0.44
Insurance	0.47	0.26	0.24	0.26	0.26	0.20	0.22
Rent	—	—	—	1.97	1.55	1.36	0.72
Heat, light and power	0.72	0.72	0.61	0.49	0.41	0.34	0.47
Repairs and maintenance	0.15	0.37	0.30	0.38	0.32	0.28	0.29
Depreciation allowances	1.12	0.82	0.91	0.93	0.74	0.69	0.79
Total occupancy expenses	2.84	2.55	2.40	4.36	4.17	3.40	2.93
Office and store supplies	0.66	0.64	0.62	0.63	0.77	0.54	0.58
Advertising	0.65	0.48	0.50	0.40	0.44	0.59	0.55
Net loss on bad debts	0.17	0.20	0.11	0.13	0.11	0.13	0.12
All other expenses	1.80	0.94	1.02	1.52	1.38	1.02	1.02
Total operating expenses	16.13	14.70	13.46	17.28	17.12	15.31	14.44
Net operating profit	0.37	1.85	2.45	- 0.38	1.63	2.57	2.51
Non-trading income	1.23	0.47	0.33	0.18	—	0.10	0.21
Non-trading expense	—	—	—	—	0.03	0.01	0.01
Net profit before allowance for income tax	1.60	2.32	2.78	- 0.20	1.60	2.66	2.71

TABLE 11. Combination Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy
(Incorporated Businesses), 1963
 Affiliated in Voluntary Groups

Item	Owned premises with annual net sales of						Total
	\$50,000- 99,999	\$100,000- 199,999	\$200,000- 499,999	\$500,000- 999,999	\$1,000,000 and over		
Number of businesses reporting	10	28	88	39	7		172
Average net sales per business	\$ 78,809	\$ 151,259	\$ 335,537	\$ 655,486	\$ 1,473,592		\$ 569,246
Average beginning inventory	\$ 10,996	\$ 12,099	\$ 24,159	\$ 38,012	\$ 38,326		\$ 29,521
Average inventory, end of year	\$ 11,742	\$ 13,610	\$ 26,553	\$ 41,205	\$ 47,332		\$ 32,924
Average cost of goods sold	\$ 67,399	\$ 126,905	\$ 281,652	\$ 549,749	\$ 1,234,291		\$ 475,287
Stock turnover (times per year)	5.93	9.87	11.11	13.73	28.82		15.22
Profit and loss data (Per cent of net sales)							
Gross profit	14.59	16.10	16.06	17.05	16.24		16.41
Operating expenses:							
Employees' salaries and wages (except delivery)....	7.58	7.22	7.87	7.77	7.42		7.72
Delivery expenses (including salaries and wages)...	0.87	0.64	0.57	0.50	0.20		0.51
Occupancy expenses:							
Taxes	0.63	0.48	0.34	0.31	0.27		0.34
Insurance	0.36	0.42	0.31	0.25	0.13		0.28
Rent	—	—	—	—	—		—
Heat, light and power	1.28	0.81	0.61	0.46	0.29		0.54
Repairs and maintenance	0.52	0.47	0.41	0.31	0.23		0.36
Depreciation allowances	1.45	1.27	1.24	1.31	1.21		1.25
Total occupancy expenses	4.24	3.45	2.91	2.64	2.13		2.77
Office and store supplies	0.32	0.41	0.53	0.72	0.94		0.63
Advertising	0.61	0.74	0.84	1.26	1.67		1.08
Net loss on bad debts	0.36	0.13	0.26	0.10	—		0.16
All other expenses	0.90	1.58	1.40	1.74	1.61		1.56
Total operating expenses	14.68	14.17	14.38	14.73	13.97		14.43
Net operating profit	— 0.09	1.93	1.68	2.32	2.27		1.98
Non-trading income	0.59	0.32	0.33	0.56	0.30		0.40
Non-trading expense	—	0.07	0.10	0.24	—		0.13
Net profit before allowance for income tax	0.50	2.18	1.91	2.64	2.57		2.25
Rented premises with annual net sales of							Total owned and rented
	\$50,000- 99,999	\$100,000- 199,999	\$200,000- 499,999	\$500,000- 999,999	\$1,000,000 and over	Total	
Number of businesses reporting	10	36	147	108	30	331	503
Average net sales per business	\$ 85,766	\$ 155,239	\$ 339,916	\$ 703,045	\$ 1,489,072	\$ 701,870	\$ 667,216
Average beginning inventory	\$ 11,949	\$ 13,134	\$ 18,394	\$ 29,537	\$ 60,298	\$ 30,629	\$ 30,339
Average inventory, end of year	\$ 11,666	\$ 14,172	\$ 20,226	\$ 30,797	\$ 63,866	\$ 32,403	\$ 32,539
Average cost of goods sold	\$ 72,350	\$ 130,502	\$ 283,050	\$ 585,199	\$ 1,239,664	\$ 584,346	\$ 555,844
Stock turnover (times per year)	6.13	9.56	14.66	19.40	20.00	18.55	17.68
Profit and loss data (Per cent of net sales)							
Gross profit	15.64	15.93	16.73	16.76	16.75	16.72	16.64
Operating expenses:							
Employees' salaries and wages (except delivery)....	8.27	8.26	7.97	7.15	7.09	7.43	7.51
Delivery expenses (including salaries and wages)...	0.88	0.80	0.58	0.50	0.30	0.50	0.50
Occupancy expenses:							
Taxes	0.15	0.13	0.15	0.15	0.14	0.15	0.20
Insurance	0.37	0.29	0.21	0.18	0.17	0.19	0.21
Rent	1.54	1.47	1.30	1.37	1.39	1.36	1.01
Heat, light and power	0.95	0.67	0.56	0.55	0.48	0.55	0.55
Repairs and maintenance	0.42	0.53	0.39	0.39	0.37	0.39	0.38
Depreciation allowances	0.57	0.60	0.81	0.88	0.79	0.83	0.94
Total occupancy expenses	4.00	3.69	3.42	3.52	3.34	3.47	3.29
Office and store supplies	0.33	0.39	0.64	0.87	0.92	0.79	0.75
Advertising	0.41	0.94	1.39	1.59	1.39	1.47	1.37
Net loss on bad debts	0.47	0.11	0.08	0.01	0.01	0.04	0.07
All other expenses	1.25	1.31	1.40	1.75	1.94	1.66	1.63
Total operating expenses	15.61	15.50	15.48	15.39	14.99	15.36	15.12
Net operating profit	0.03	0.43	1.25	1.37	1.76	1.36	1.52
Non-trading income	0.01	0.16	0.11	0.09	0.07	0.09	0.17
Non-trading expense	—	0.05	0.05	0.04	0.03	0.04	0.06
Net profit before allowance for income tax	0.04	0.54	1.31	1.42	1.80	1.41	1.63

TABLE 12. Combination Stores, Consumer Co-operative, Operating Results of Associations, 1963

Item	Owned premises with annual net sales of \$50,000 and over
Number of businesses reporting.....	5
Average net sales per business..... \$	214,337
Average beginning inventory	\$ 12,045
Average inventory, end of year	\$ 12,110
Average cost of goods sold	\$ 174,542
Stock turnover (times per year)	14.45
Profit and loss data (Per cent of net sales)	
Gross profit	18.16
Operating expenses:	
Employees' salaries and wages (except delivery)	9.83
Delivery expenses (including salaries and wages).....	0.05
Occupancy expenses:	
Taxes.....	0.47
Insurance	0.23
Rent	—
Heat, light and power	0.65
Repairs and maintenance	0.55
Depreciation allowances	0.81
Total occupancy expenses	2.71
Office and store supplies	0.93
Advertising	0.22
Net loss on bad debts	0.07
All other expenses	1.44
Total operating expenses	15.25
Net operating profit	2.91
Non-trading income	0.17
Non-trading expense	0.22
Net profit before allowance for income tax	2.86

MEAT MARKETS, INDEPENDENT

Stores in this category are primarily engaged in selling fresh meats. Other items may include cured meats, poultry, dairy products and eggs. Dry groceries may also be sold but may not account for more than 49 per cent of total sales. Unincorporated businesses and incorporated companies were both surveyed.

One hundred and fifty-three usable reports were received from unincorporated businesses and incorporated companies. The gross profit for independent unincorporated businesses was 20.69 per cent of net sales in 1963 compared with 20.25 per cent in 1960. For 1961, the Census of Merchandising calculated a figure of 20.0 per cent but this calculation included the data from incorporated companies and chain stores. Salaries and wages, in 1963, excluding the pay for delivery employees, were 6.29 per cent of net sales compared with 5.83 per cent in 1960. Delivery expense was 1.26 per cent (1.32 per cent in 1960), occupancy expenses were 4.06 per cent (3.62 per cent), office and store supplies 1.06 per cent (1.08 per cent), all other expenses 1.89 per cent (1.88 per cent). Total operating expenses were 14.56 per cent (13.73 per cent) and net operating

profit, before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income, was 6.13 per cent (6.52 per cent). Taking account of non-trading income and expense, net operating profit was 6.39 per cent of net sales compared with 7.02 per cent in 1960. In the detailed tables, a distinction is made between stores with owned premises and stores with rented premises.

For the first time data were collected from independent meat markets operated by incorporated companies. For all stores the gross profit was 24.57 per cent of net sales. Salaries and wages were 13.08 per cent, delivery expense was 1.00 per cent, occupancy expense was 4.48 per cent, office and store supplies 1.25 per cent, all other expenses 3.24 per cent, making total operating expenses 23.05 per cent of net sales. Net operating profit, before adding net non-trading income and before making allowance for income tax, was 1.52 per cent of net sales. The addition for net non-trading income was 0.31 per cent. As in the case of unincorporated businesses, a distinction is made between stores with owned premises and stores with rented premises.

TABLE 13. Meat Markets, Independent, Operating Results, 1954 - 63

Item	Unincorporated businesses					Incorporated
	1954	1956	1958	1960	1963	1963
	per cent of net sales					
Gross profit	18.90	19.61	19.07	20.25	20.69	24.57
Operating expenses:						
Employees' salaries and wages (except delivery employees)	5.53	5.47	5.48	5.83	6.29	13.08
Delivery expenses including salaries	1.35	1.30	1.24	1.32	1.26	1.00
Occupancy expenses	3.37	3.48	3.54	3.62	4.06	4.48
Office and store supplies	0.94	1.00	0.98	1.08	1.06	1.25
All other expenses	1.34	1.48	1.71	1.88	1.89	3.24
Total operating expenses	12.53	12.73	12.95	13.73	14.56	23.05
Net operating profit before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income	6.37	6.88	6.12	6.52	6.13	1.52 ¹

¹ Net operating profit before addition of net non-trading income and allowance for income tax.

**TABLE 14. Meat Markets, Independent, Operating Results by Annual Sales Volume and Type of Occupancy
(Unincorporated Businesses), 1963**
Not Affiliated in Voluntary Groups

Item	Owned premises with annual net sales of					Rented premises with annual net sales of					Total owned and rented	
	\$20,000-29,999	\$30,000-49,999	\$50,000-99,999	\$100,000-199,999	\$200,000-499,999	Total	\$10,000-49,999	\$50,000-99,999	\$100,000-199,999	\$200,000-499,999		Total
Number of businesses reporting	7	9	13	15	6	52	11	35	26	11	83	133
Average net sales per business	\$ 23,169	42,540	65,575	126,659	245,139	103,554	35,884	76,005	133,448	306,067	125,513	115,609
Average beginning inventory	350	983	1,470	2,222	6,338	2,286	758	1,698	1,994	4,246	2,057	2,160
Average inventory, end of year	368	1,197	1,306	1,997	5,882	2,129	822	1,909	1,884	4,742	2,173	2,153
Average cost of goods sold	\$ 17,858	33,281	51,792	100,569	208,700	84,324	28,252	58,856	105,999	247,458	99,816	92,822
Stock turnover (times per year)	49.74	30.53	37.31	47.67	34.16	38.20	35.76	32.63	55.24	55.06	47.19	43.05
Profit and loss data (Per cent of net sales)												
Gross profit	22.92	21.77	21.02	20.60	14.86	20.11	21.34	22.56	20.57	19.15	21.17	20.69
Operating expenses:												
Employees' salaries and wages (except delivery)	2.38	4.80	6.19	8.15	7.27	6.44	3.11	5.97	7.08	7.82	6.18	6.29
Delivery expenses (including salaries and wages)	3.36	1.70	0.48	1.21	1.15	1.14	1.79	1.60	1.23	0.68	1.36	1.26
Occupancy expenses:												
Taxes	0.70	0.97	0.68	0.31	0.28	0.57	0.14	0.31	0.18	0.21	0.22	0.38
Insurance	0.66	0.58	0.46	0.31	0.27	0.43	0.13	0.25	0.22	0.19	0.21	0.33
Rent	—	—	—	—	—	—	2.31	2.22	1.36	1.09	1.78	0.98
Heat, light and power	1.83	1.81	1.40	0.66	0.46	1.12	1.03	0.77	0.37	0.37	0.62	0.84
Repairs and maintenance	0.57	0.86	0.89	0.44	0.18	0.61	0.38	0.44	0.43	0.46	0.43	0.51
Depreciation allowances	0.99	1.27	1.64	0.95	0.92	1.20	1.05	0.92	0.79	0.89	0.89	1.02
Total occupancy expenses	4.75	5.49	5.07	2.67	2.11	3.93	5.04	4.91	3.35	3.21	4.15	4.06
Office and store supplies	1.32	1.55	0.90	1.15	0.69	1.07	1.26	1.03	0.93	1.11	1.05	1.06
Advertising	0.07	0.37	0.24	0.33	0.29	0.28	0.30	0.35	0.30	0.39	0.33	0.31
Net loss on bad debts	0.26	0.28	0.48	0.03	0.08	0.24	0.01	0.09	0.05	0.01	0.05	0.14
All other expenses	2.23	2.59	2.01	0.97	0.55	1.60	1.13	1.44	1.21	1.50	1.33	1.44
Total operating expenses	14.37	16.78	15.37	14.51	12.14	14.70	12.64	15.39	14.15	14.72	14.45	14.56
Net operating profit	8.55	4.99	5.65	6.09	2.72	5.41	8.70	7.17	6.42	4.43	6.72	6.13
Non-trading income	2.69	1.15	0.92	0.40	0.06	0.76	—	0.04	0.21	0.03	0.09	0.39
Non-trading expense	1.78	—	—	0.37	—	0.20	—	0.12	0.13	—	0.08	0.13
Net profit before deduction of proprietors' salaries, withdrawals and income tax	9.46	6.14	6.57	6.12	2.78	5.97	8.70	7.09	6.50	4.46	6.73	6.39

**TABLE 15. Meat Markets, Independent, Operating Results by Annual Sales Volume and Type of Occupancy
(Incorporated Businesses), 1963**
Not Affiliated in Voluntary Groups

Item	Owned premises with annual net sales of		Rented premises with annual net sales of			Total owned and rented
	\$50,000-99,999	Total	\$100,000-199,999	\$200,000-499,999	Total	
Number of businesses reporting	3	5	4	5	13	18
Average net sales per business	\$ 72,721	364,443	137,893	355,892	326,402	333,712
Average beginning inventory	2,302	14,609	6,249	10,533	8,673	9,814
Average inventory, end of year	2,445	9,351	6,606	9,716	8,501	8,664
Average cost of goods sold	\$ 57,691	268,049	99,955	277,246	251,274	254,497
Stock turnover (times per year)	24.31	22.37	15.55	27.38	29.26	27.55
Profit and loss data (Per cent of net sales)						
Gross profit	20.67	25.89	27.51	22.10	24.25	24.57
Operating expenses:						
Employees' salaries and wages (except delivery)	16.33	15.37	13.13	12.98	12.54	13.08
Delivery expenses (including salaries and wages)	2.30	1.56	1.01	0.47	0.87	1.00
Occupancy expenses:						
Taxes	0.98	0.46	0.27	0.11	0.20	0.25
Insurance	0.51	0.51	0.18	0.16	0.25	0.26
Rent	—	—	2.51	1.34	1.84	1.49
Heat, light and power	1.35	0.75	1.32	0.47	0.77	0.77
Repairs and maintenance	0.42	0.55	0.77	0.49	0.65	0.63
Depreciation allowances	0.73	1.44	0.81	1.00	0.99	1.08
Total occupancy expenses	3.99	3.51	5.86	3.57	4.70	4.48
Office and store supplies	1.62	1.13	1.13	1.35	1.28	1.25
Advertising	0.52	0.28	0.54	0.72	0.56	0.51
Net loss on bad debts	0.05	0.02	0.17	0.05	0.09	0.08
All other expenses	1.79	2.00	3.09	2.25	2.81	2.65
Total operating expenses	26.60	23.87	24.93	21.39	22.85	23.05
Net operating profit	- 5.93	2.02	2.58	0.71	1.40	1.52
Non-trading income	4.16	1.02	0.26	0.14	0.15	0.32
Non-trading expense	—	—	0.03	—	0.01	0.01
Net profit before allowance for income tax	- 1.77	3.04	2.81	0.85	1.54	1.83

CONFECTIONERY STORES, INDEPENDENT

This classification contains retail establishments primarily engaged in selling candy and confectionery, soft drinks, soda fountain products and ice cream to the extent of at least 50 per cent of total net sales. Other items sold include light lunches, groceries, fresh fruits and vegetables.

One hundred and twenty-three firms supplied information about their 1963 operations which could be used in the tabulation of the statistics shown in this report. Of these, 121 were unincorporated businesses and two were incorporated companies.

For independent confectionery stores (unincorporated businesses) of all sizes, the gross profit for 1963 of 19.29 per cent of net sales was remarkably similar to the 1960 figure of 19.91 per cent. Total operating expenses in 1963 were 10.97 per cent of net sales whereas the 1960 figure was 11.47 per cent. The 1961 gross profit figure shown by the Census of Merchandising of that year was 20.5 per cent (see 1961 Census Bulletin 6.1-5) but this was for all confectionery stores, including chains and

stores operated by incorporated companies. The 1963 net operating profit figure before deduction for proprietors' salaries, withdrawals and income tax and before the addition of net non-trading income comes out at 8.32 per cent of net sales compared with 8.44 per cent for 1960. Stock turn-over ratio was 11.13 for 1963 and 10.99 for 1960.

Two incorporated companies with rented premises reported to the 1963 survey. Average net sales were about \$75,000. The turn-over ratio was 4.71, the gross profit was 20.01 per cent of net sales, salaries and wages, except for delivery employees, were 12.29 per cent, delivery expenses were 0.23 per cent, occupancy expenses 4.19 per cent, office and store supplies 0.27 per cent, advertising 0.43 per cent, all other expenses 1.79 per cent, making total operating expenses 19.20 per cent of net sales. Before any allowance for non-trading income and expenses (a plus item of 0.93 per cent), the net operating profit was 0.81 per cent of net sales.

TABLE 16. Confectionery Stores, Independent, Operating Results, 1954 - 63

Item	Unincorporated businesses					Incorporated
	1954	1956	1958	1960	1963	1963
	per cent of net sales					
Gross profit	17.57	18.98	19.15	19.91	19.29	20.01
Operating expenses:						
Employees' salaries and wages (except delivery employees)	2.79	3.20	3.27	3.06	2.64	12.29
Delivery expenses including salaries	0.20	0.16	0.27	0.30	0.31	0.23
Occupancy expenses	5.60	5.82	6.19	6.07	6.17	4.19
Office and store supplies	0.43	0.47	0.49	0.45	0.52	0.27
All other expenses	1.21	1.36	1.46	1.59	1.33	2.22
Total operating expenses	10.23	11.01	11.68	11.47	10.97	19.20
Net operating profit before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income	7.34	7.97	7.47	8.44	8.32	0.81¹

¹ Net operating profit before addition of net non-trading income and allowance for income tax.

TALBE 17. Confectionery Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy
(Unincorporated Businesses), 1963
 Not Affiliated in Voluntary Groups

Item	Owned premises with annual net sales of					Total
	Under \$10,000	\$10,000 - 19,999	\$20,000 - 29,999	\$30,000 - 49,999	\$50,000 - 99,999	
Number of businesses reporting.....	14	25	12	13	9	74
Average net sales per business..... \$	6,198	14,971	24,456	38,133	69,644	32,780
Average beginning inventory..... \$	536	1,437	2,585	2,888	4,251	2,442
Average inventory, end of year..... \$	544	1,547	2,725	3,111	4,868	2,665
Average cost of goods sold..... \$	5,115	12,338	20,954	30,936	56,799	26,966
Stock turnover (times per year).....	9.47	8.27	7.91	10.33	12.47	10.56
Profit and loss data (Per cent of net sales)						
Gross profit.....	17.47	17.59	14.32	18.87	18.44	17.37
Operating expenses:						
Employees' salaries and wages (except delivery)	0.49	1.09	1.20	2.59	6.11	2.37
Delivery expenses (including salaries and wages)....	0.57	0.26	0.39	0.13	0.19	0.29
Occupancy expenses:						
Taxes.....	1.52	1.66	0.98	0.90	0.59	1.11
Insurance.....	0.95	0.76	0.52	0.37	0.19	0.54
Rent.....	—	—	—	—	—	—
Heat, light and power.....	2.88	2.15	1.46	1.07	0.60	1.55
Repairs and maintenance.....	1.02	1.75	0.89	0.73	0.68	1.02
Depreciation allowances.....	0.53	1.70	0.85	1.84	1.09	1.27
Total occupancy expenses.....	6.90	8.02	4.70	4.91	3.15	5.49
Office and store supplies.....	0.67	0.46	0.39	0.49	0.49	0.49
Advertising.....	0.04	0.05	0.04	0.19	0.05	0.08
Net loss on bad debts.....	0.12	0.19	0.17	0.07	0.02	0.11
All other expenses.....	1.47	1.17	0.83	1.76	1.11	1.28
Total operating expenses.....	10.26	11.24	7.72	10.14	11.12	10.11
Net operating profit.....	7.21	6.35	6.60	8.73	7.32	7.26
Non-trading income.....	0.81	1.13	1.06	0.62	1.01	0.91
Non-trading expense.....	1.01	0.60	0.48	0.09	—	0.39
Net profit before deduction of proprietors' salaries, withdrawals and income tax.....	7.01	6.88	7.18	9.26	8.33	7.78
Rented premises with annual net sales of						Total owned and rented
	Under \$20,000	\$20,000 - 29,999	\$30,000 - 49,999	\$50,000 - 99,999	Total	
Number of business reporting.....	11	9	16	9	47	121
Average net sales per business..... \$	12,933	24,900	35,791	68,606	40,051	36,168
Average beginning inventory..... \$	871	1,685	2,444	4,798	2,669	2,548
Average inventory, end of year..... \$	818	1,771	2,665	4,680	2,719	2,690
Average cost of goods sold..... \$	9,990	20,549	27,275	55,435	31,661	29,153
Stock turnover (times per year).....	11.83	11.91	10.69	11.71	11.75	11.13
Profit and loss data (Per cent of net sales)						
Gross profit.....	23.94	17.47	23.79	19.20	21.49	19.29
Operating expenses:						
Employees' salaries and wages (except delivery)	0.46	1.49	5.05	3.21	2.95	2.64
Delivery expenses (including salaries and wages)....	0.07	0.07	0.39	0.55	0.33	0.31
Occupancy expenses:						
Taxes.....	0.65	0.37	0.36	0.33	0.41	0.78
Insurance.....	0.42	0.24	0.36	0.15	0.29	0.42
Rent.....	5.13	3.24	3.13	3.87	3.72	1.76
Heat, light and power.....	2.19	1.06	1.07	0.76	1.19	1.38
Repairs and maintenance.....	0.61	0.65	0.79	0.51	0.64	0.84
Depreciation allowances.....	0.37	0.20	1.13	0.71	0.66	0.99
Total occupancy expenses.....	9.37	5.76	6.84	6.33	6.91	6.17
Office and store supplies.....	0.39	0.33	0.81	0.54	0.56	0.52
Advertising.....	0.14	0.05	0.12	0.11	0.11	0.10
Net loss on bad debts.....	0.13	0.05	0.14	0.05	0.09	0.10
All other expenses.....	0.89	0.54	1.19	1.20	1.01	1.13
Total operating expenses.....	11.45	8.29	14.54	11.99	11.96	10.97
Net operating profit.....	12.49	9.18	9.25	7.21	9.53	8.32
Non-trading income.....	—	—	0.69	0.27	0.30	0.62
Non-trading expense.....	—	—	0.02	—	0.01	0.21
Net profit before deduction of proprietors' salaries, withdrawals and income tax.....	12.49	9.18	9.92	7.48	9.82	8.73

FRUIT AND VEGETABLE STORES, INDEPENDENT

Stores in this category are primarily engaged in selling fresh fruits and vegetables. An exception is made in the case of stores selling a combination of fruits, vegetables and groceries, together with candy and confectionery, ice cream, tobacco products and magazines. For such stores, if fruits, vegetables and groceries together form 40 per cent of the total trade and fruits and vegetables predominate, the stores are within this classification. Both unincorporated businesses and incorporated companies were surveyed.

Thirty-one usable reports were received from unincorporated businesses and incorporated companies. The gross profit for independent unincorporated businesses was 20.36 per cent of net sales in 1963 compared with 19.67 per cent in 1960. For 1961, the Census of Merchandising calculated a

figure of 19.8 per cent but this calculation included the data from incorporated companies and chain stores. Salaries and wages, in 1963, excluding the pay for delivery employees, were 4.67 per cent of net sales compared with 4.47 per cent in 1960. Delivery expense was 1.01 per cent (1.25 per cent in 1960), occupancy expenses were 5.76 per cent (4.95 per cent), office and store supplies 1.01 per cent (0.90 per cent), all other expenses 1.23 per cent (1.37 per cent). Total operating expenses were 13.68 per cent (12.94 per cent) and net operating profit, before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income, was 6.68 per cent (6.73 per cent). Taking account of non-trading income and expense, net operating profit was 6.77 per cent of net sales compared with 7.30 per cent in 1960. In the detailed tables, figures are given for both stores with owned premises and stores with rented premises.

TABLE 18. Fruit and Vegetable Stores, Independent, Operating Results, 1954 - 63

Item	Unincorporated businesses					Incorporated
	1954	1956	1958	1960	1963	1963
	per cent of net sales					
Gross profit	18.42	19.39	19.00	19.67	20.36	23.03
Operating expenses:						
Employees' salaries and wages (except delivery employees)	4.35	3.94	4.02	4.47	4.67	11.40
Delivery expenses including salaries	1.46	1.34	1.38	1.25	1.01	0.93
Occupancy expenses	4.46	4.69	4.72	4.95	5.76	5.16
Office and store supplies	1.06	0.97	1.03	0.90	1.01	1.36
All other expenses	1.14	1.13	1.34	1.37	1.23	1.68
Total operating expenses	12.47	12.07	12.49	12.94	13.68	20.53
Net operating profit before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income	5.95	7.32	6.51	6.73	6.68	2.50 ¹

¹ Net operating profit before addition of net non-trading income and allowance for income tax.

TABLE 19. Fruit and Vegetable Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy
(Unincorporated Businesses), 1963
Not Affiliated in Voluntary Groups

Item	Owned premises with annual net sales of		Rented premises with annual net sales of				Total owned and rented
	\$200,000-499,999	Total	\$30,000-49,999	\$50,000-99,000	\$100,000-199,000	Total	
Number of businesses reporting	3	6	3	8	7	20	28
Average net sales per business	\$ 222,103	132,395	31,130	69,338	131,556	77,198	94,203
Average beginning inventory	\$ 4,637	2,467	2,259	2,256	4,040	2,717	2,640
Average inventory, end of year	\$ 5,527	2,852	2,265	2,457	5,102	3,137	3,058
Average cost of goods sold	\$ 182,864	108,204	21,812	57,883	105,208	61,992	76,229
Stock turnover (times per year)	\$ 36.34	40.47	9.64	24.54	23.02	21.18	26.76
Profit and loss data (Per cent of net sales)							
Gross profit	17.67	18.87	29.93	16.59	20.03	21.03	20.36
Operating expenses:							
Employees' salaries and wages (except delivery)	4.29	4.21	7.92	2.32	6.83	4.87	4.67
Delivery expenses (including salaries and wages)	0.78	0.37	1.11	1.21	1.14	1.30	1.01
Occupancy expenses:							
Taxes	0.54	0.64	0.93	0.24	0.13	0.37	0.45
Insurance	0.23	0.24	0.87	0.36	0.40	0.47	0.40
Rent	—	—	6.42	3.06	2.06	3.76	2.60
Heat, light and power	0.40	0.75	1.37	0.90	0.34	0.85	0.82
Repairs and maintenance	0.18	0.49	0.40	0.27	0.28	0.30	0.36
Depreciation allowances	1.25	1.60	1.61	0.54	1.10	0.92	1.13
Total occupancy expenses	2.60	3.72	11.60	5.37	4.31	6.67	5.76
Office and store supplies	1.28	1.11	1.08	1.10	0.81	0.97	1.01
Advertising	0.17	0.10	0.32	0.08	0.17	0.15	0.13
Net loss on bad debts	—	—	—	—	0.02	0.01	0.01
All other expenses	1.19	1.62	1.74	0.69	0.58	0.85	1.09
Total operating expenses	10.31	11.13	23.77	10.77	13.86	14.82	13.68
Net operating profit	7.36	7.74	6.16	5.82	6.17	6.21	6.68
Non-trading income	0.24	0.83	—	0.11	0.02	0.06	0.30
Non-trading expense	—	0.44	—	0.25	—	0.11	0.21
Net profit before deduction of proprietors' salaries, withdrawals and income tax	7.60	8.13	6.16	5.68	6.19	6.16	6.77

TABLE 20. Fruit and Vegetable Stores, Independent, Operating Results of Incorporated Businesses
with Rented Premises, 1963
Not Affiliated in Voluntary Groups

Item	Total \$200,000 and over
Number of businesses reporting	3
Average net sales per business	\$ 339,276
Average beginning inventory	\$ 5,534
Average inventory, end of year	\$ 7,426
Average cost of goods sold	\$ 261,138
Stock turnover (times per year)	40.30
Profit and loss data (Per cent of net sales)	
Gross profit	23.03
Operating expenses:	
Employees' salaries and wages (except delivery)	11.40
Delivery expenses (including salaries and wages)	0.93
Occupancy expenses:	
Taxes	0.33
Insurance	0.22
Rent	2.42
Heat, light and power	0.33
Repairs and maintenance	0.42
Depreciation allowances	1.44
Total occupancy expenses	5.16
Office and store supplies	1.36
Advertising	0.38
Net loss on bad debts	0.10
All other expenses	1.20
Total operating expenses	20.53
Net operating profit	2.50
Non-trading income	0.10
Non-trading expense	—
Net profit before allowance for income tax	2.60

FISH STORES, INDEPENDENT

Stores in this category are primarily engaged in selling fresh or cured fish, shell fish and other sea foods. Other items may include meats but sea foods must predominate for the business to remain in this classification. Only unincorporated businesses were surveyed.

Usable reports were received from six businesses. The gross profit for independent unincorporated businesses was 35.80 per cent of net sales in 1963. For 1961, the Census of Merchandising calculated a figure of 27.09 per cent but this calculation included the data from incorporated companies

and chain stores. Salaries and wages, in 1963, excluding the pay for delivery employees, were 9.93 per cent of net sales. Delivery expense was 1.31 per cent, occupancy expenses were 6.82 per cent, office and store supplies 1.88 per cent, all other expenses 4.47 per cent. Total operating expenses were 24.41 per cent and net operating profit, before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income was 11.39 per cent. Taking account of non-trading income and expense, net operating profit was 11.46 per cent of net sales. In the detailed tables, a distinction is made between stores with owned premises and stores with rented premises.

TABLE 21. Fish Stores, Independent, Operating Results of Unincorporated Businesses, 1963
Not Affiliated in Voluntary Groups

Item	Owmed premises with annual net sales of \$20,000 and over	Rented premises with annual net sales of \$20,000 and over	Total owned and rented
Number of businesses reporting	3	3	6
Average net sales per business	\$ 60,129	56,423	58,299
Average beginning inventory	735	1,704	1,213
Average inventory, end of year	629	1,672	1,144
Average cost of goods sold	\$ 37,351	39,233	38,280
Stock turnover (times per year)	55.27	23.24	32.48
Profit and loss data (Per cent of net sales)			
Gross profit	36.38	35.20	35.80
Operating expenses:			
Employees' salaries and wages (except delivery)	12.29	7.52	9.93
Delivery expenses (including salaries and wages)	1.82	0.79	1.31
Occupancy expenses:			
Taxes	0.83	0.44	0.64
Insurance	0.43	0.36	0.40
Rent	—	5.17	2.55
Heat, light and power	0.64	1.45	1.04
Repairs and maintenance	0.41	0.73	0.57
Depreciation allowances	0.70	2.57	1.62
Total occupancy expenses	3.01	10.72	6.82
Office and store supplies	2.35	1.40	1.88
Advertising	0.06	0.65	0.35
Net loss on bad debts	—	0.01	—
All other expenses	3.15	5.09	4.12
Total operating expenses	22.68	26.18	24.41
Net operating profit	13.70	9.02	11.39
Non-trading income	—	0.35	0.17
Non-trading expense	—	0.20	0.10
Net profit before deduction of proprietors' salaries, withdrawals and income tax	13.70	9.17	11.46

DELICATESSEN STORES, INDEPENDENT

Stores in this category are primarily engaged in selling cooked food ready to serve in the home without further preparation such as cooked meats and prepared salads. Other items may include bakery products, confectionery, dairy products, canned and bottled foods and groceries. Only unincorporated businesses were surveyed.

Thirteen usable reports were received from unincorporated businesses. Gross profit for independent unincorporated businesses was 28.86 per cent of net sales in 1963. For 1961, the Census of Merchandising calculated a figure of 27.2 per cent but this calculation included the data from incor-

porated companies and chain stores. Salaries and wages, in 1963, excluding the pay for delivery employees, were 8.25 per cent of net sales, delivery expense was 0.59 per cent, occupancy expenses were 9.07 per cent, office and store supplies 1.05 per cent, all other expenses 2.76 per cent. Total operating expenses were 21.72 per cent and net operating profit, before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income, was 7.14 per cent. Taking account of non-trading income and expense, net operating profit was 7.15 per cent of net sales. In the following table, separate data are shown for stores with rented premises.

TABLE 22. Delicatessen Stores, Independent, Operating Results of Unincorporated Businesses, 1963
Not Affiliated in Voluntary Groups

Item	Rented premises with annual net sales of		Total owned and rented
	\$20,000 - 29,999	Total	
Number of businesses reporting	5	11	13
Average net sales per business	\$ 24,745	74,994	74,640
Average beginning inventory	\$ 1,375	2,062	2,007
Average inventory, end of year	\$ 1,287	1,934	1,905
Average cost of goods sold	\$ 16,793	51,340	51,513
Stock turnover (times per year)	12.16	25.70	26.34
Profit and loss data (Per cent of net sales)			
Gross profit	32.14	28.44	28.86
Operating expenses:			
Employees' salaries and wages (except delivery)	5.82	7.42	8.25
Delivery expenses (including salaries and wages)	0.48	0.64	0.59
Occupancy expenses:			
Taxes	0.28	0.29	0.42
Insurance	0.34	0.33	0.38
Rent	5.76	3.99	3.56
Heat, light and power	2.23	1.26	1.35
Repairs and maintenance	0.53	0.92	0.89
Depreciation allowances	1.90	2.47	2.47
Total occupancy expenses	11.04	9.26	9.07
Office and store supplies	2.06	0.92	1.05
Advertising	0.32	0.79	0.74
Net loss on bad debts	—	0.06	0.05
All other expenses	2.93	2.06	1.97
Total operating expenses	22.65	21.15	21.72
Net operating profit	9.49	7.29	7.14
Non-trading income	0.19	0.02	0.06
Non-trading expense	—	0.06	0.05
Net profit before deduction of proprietors' salaries, withdrawals and income tax	9.68	7.25	7.15

DAIRY PRODUCT STORES, INDEPENDENT

Stores in this category are primarily engaged in selling dairy products such as fluid milk, cream, butter and cheese in which any manufacturing operations carried out are not extensive enough to justify the classification of the store as a manufacturing plant. Other items may include lard, honey, cooked meats, light groceries and eggs. Both unincorporated businesses and incorporated companies were surveyed.

Twenty-two usable reports were received from unincorporated businesses and incorporated companies. The gross profit for independent unincorporated businesses was 44.53 per cent of net sales in 1963. No data were received from this category of store by the 1961 Census of Merchandising and this is the first time an attempt has been made to include dairy products stores in the operating results survey. Salaries and wages, in 1963, excluding the pay for delivery employees, were 9.99 per cent of net sales. Delivery expense was 0.52 per cent, occupancy ex-

penses were 17.27 per cent, office and store supplies 0.65 per cent, all other expenses 5.76 per cent. Total operating expenses were 34.19 per cent and net operating profit, before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income, was 10.34 per cent. Taking account of non-trading income and expense, net operating profit was 10.32 per cent of net sales. In the detailed tables, a distinction is made between stores with owned premises and stores with rented premises.

For stores operated by incorporated companies, the gross profit was 41.58 per cent of net sales in 1963. Salaries and wages were 15.17 per cent, delivery expenses were 1.88 per cent, occupancy expense was 14.54 per cent, office and store supplies 0.58 per cent, all other expenses 8.92 per cent, making total operating expenses 41.09 per cent of net sales. Net operating profit, before making allowance for income tax, was 0.49 per cent. Reports were received only from stores with owned premises.

TABLE 23. Dairy Products Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Unincorporated Businesses), 1963
Not Affiliated in Voluntary Groups

Item	Owned premises with annual net sales of		Rented premises with annual net sales of		Total owned and rented
	\$20,000-29,999	Total	\$30,000-49,999	Total	
Number of businesses reporting	4	6	8	13	19
Average net sales per business	23,396	20,038	37,848	37,198	31,421
Average beginning inventory	351	216	552	766	581
Average inventory, end of year	237	159	495	759	557
Average cost of goods sold	10,902	9,986	20,350	22,952	18,587
Stock turnover (times per year)	37.07	53.26	38.88	30.12	32.67
Profit and loss data (Per cent of net sales)					
Gross profit	53.40	49.28	46.23	42.12	44.53
Operating expenses:					
Employees' salaries and wages (except delivery)	12.08	14.40	10.62	7.75	9.99
Delivery expenses (including salaries and wages)	2.04	1.15	0.15	0.20	0.52
Occupancy expenses:					
Taxes	1.83	1.74	0.97	1.11	1.32
Insurance	0.73	0.73	0.57	0.63	0.66
Rent	—	—	7.10	8.63	5.73
Heat, light and power	1.86	2.00	2.38	2.46	2.30
Repairs and maintenance	2.05	2.87	1.81	1.32	1.84
Depreciation allowances	7.03	6.20	4.30	5.02	5.42
Total occupancy expenses	13.50	13.54	17.13	19.17	17.27
Office and store supplies	1.20	0.81	0.91	0.57	0.65
Advertising	1.45	0.98	2.01	1.32	1.21
Net loss on bad debts	—	—	—	—	—
All other expenses	10.32	7.07	4.80	3.27	4.55
Total operating expenses	40.59	37.95	35.62	32.28	34.19
Net operating profit	12.81	11.33	10.61	9.84	10.34
Non-trading income	0.63	1.21	—	0.41	0.68
Non-trading expense	—	—	0.03	1.05	0.70
Net profit before deduction of proprietors' salaries, withdrawals and income tax	13.44	12.54	10.58	9.20	10.32

**TABLE 24. Dairy Products Stores, Independent, Operating Results of Incorporated Businesses
with Owned Premises, 1963
Not Affiliated in Voluntary Groups**

Item	Total all sizes
Number of businesses reporting	3
Average net sales per business \$	86, 571
Average beginning inventory \$	1, 163
Average inventory, end of year \$	1, 087
Average cost of goods sold \$	53, 186
Stock turnover (times per year)	47. 28
Profit and loss data (Per cent of net sales)	
Gross profit	41. 58
Operating expenses:	
Employees' salaries and wages (except delivery)	15. 17
Delivery expenses (including salaries and wages)	1. 88
Occupancy expenses:	
Taxes	1. 47
Insurance	1. 09
Rent	—
Heat, light and power	1. 35
Repairs and maintenance	1. 27
Depreciation allowances	9. 36
Total occupancy expenses	14. 54
Office and store supplies	0. 58
Advertising	2. 25
Net loss on bad debts	0. 33
All other expenses	6. 34
Total operating expenses	41. 09
Net operating profit	0. 49
Non-trading income	—
Non-trading expense	—
Net profit before allowance for income tax	0. 49

EGG AND POULTRY STORES, INDEPENDENT

Stores in this category are primarily engaged in selling eggs and live or dressed poultry. Other items may include dairy products but eggs and poultry should constitute more than 50 per cent of total sales. Only unincorporated businesses were surveyed.

Usable reports were received from three businesses. The gross profit for independent unincorporated businesses was 24.31 per cent of net sales. No reports were received from this category of store by the 1961 Census of Merchandising and this is the first time an attempt has been made to obtain data for the operating results survey. Salaries and wages,

in 1963, excluding the pay for delivery employees, were 8.08 per cent of net sales. Delivery expense was 3.50 per cent, occupancy expenses were 2.95 per cent, office and store supplies 0.54 per cent, all other expenses 4.74 per cent. Total operating expenses were 19.81 per cent and net operating profit, before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income, was 4.50 per cent. Taking account of non-trading income and expense, net operating profit was 4.89 per cent of net sales. Reports were received from both stores with owned premises and stores with rented premises but the small number of reports makes it impossible to publish data for each type of premises.

TABLE 25. Egg and Poultry Stores, Independent, Operating Results of Unincorporated Businesses with Owned and Rented Premises, 1963
Not Affiliated in Voluntary Groups

Item	Total all sizes
Number of businesses reporting	3
Average net sales per business	99, 162
Average beginning inventory	662
Average inventory, end of year	522
Average cost of goods sold	77, 503
Stock turnover (times per year)	130, 92
Profit and loss data (Per cent of net sales)	
Gross profit	24.31
Operating expenses:	
Employees' salaries and wages (except delivery)	8.08
Delivery expenses (including salaries and wages)	3.50
Occupancy expenses:	
Taxes	0.71
Insurance	0.14
Rent	0.34
Heat, light and power	0.40
Repairs and maintenance	0.75
Depreciation allowances	0.61
Total occupancy expenses	2.95
Office and store supplies	0.54
Advertising	0.17
Net loss on bad debts	0.02
All other expenses	4.55
Total operating expenses	19.81
Net operating profit	4.50
Non-trading income	0.39
Non-trading expense	—
Net profit before deduction of proprietors' salaries, withdrawals and income tax	4.89

DEFINITIONS

PROFIT AND LOSS

Items

Net sales—the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

Purchases—are taken at invoice value less returns and allowances, cash and trade discounts. Added to the cost of merchandise are the following expenses: duty, inward freight, express and trucking, alterations, etc.

Cost of goods sold—determined by adding the beginning inventory to net purchases and deducting the ending inventory.

Gross profit—the difference between "cost of goods sold" and "net sales".

Operating expenses—all costs incurred in the year's operation of a business, except the cost of merchandise. These include:

Salaries and wages (except for delivery employees)—payments to employees (wages, salaries, bonuses, payments for leave, payments in kind) before deduction of income tax or unemployment insurance. Proprietors' salaries or withdrawals are included in "net operating profit" in unincorporated store operations.

Delivery—includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licences and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.)

Taxes—business, property and water taxes and licenses. Taxes collected for remittance to governmental bodies and income tax are not included.

Insurance—annual proportion of premiums for insurance policies carried to protect the business.

Rent—payments for use of business premises.

Heat, light and power—cost applicable to year's operations.

Repairs and maintenance—costs incurred to keep fixed store assets operating efficiently (excludes capital expenditure).

Depreciation—Write-offs for the year of fixed assets used in the business only, or rates authorized by the Income Tax Department.

Store supplies—wrapping paper, office supplies, etc.

Advertising—displays, window dressing and sales promotion.

Net bad debt loss—estimated amount of uncollectable customers' accounts receivable less the amount recovered from former bad debts.

Other expenses—telephone, telegraph, postage, bank charges, legal, auditing and collection fees, etc.

Net operating profit—is the difference between "total operating expenses" and "gross profit" and in the case of unincorporated businesses includes proprietors' salaries and withdrawals before income tax deductions.

Occupancy—the cost of maintaining and occupying a place of business and includes: rent, business and property taxes, insurance, heat, light and power, repairs and maintenance and depreciation.

Non-trading income—interest earned, revenues from rentals, other activities, carrying charges and investments.

Non-trading expense—interest expense, rental expense, any other expense not pertaining to the business.

Ratios

Stock turnover—the number of times in a year that the average merchandise inventory is sold and replaced. The average of the beginning and ending inventories is divided into the cost of goods sold.

Note: Each of the following ratios are expressed as a percentage of "net sales". Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales' dollar.

Gross profit ratio—sometimes referred to as the "gross margin ratio" or "mark-up" represents the difference between "cost of goods sold" and "net sales". It is the portion of the average sales' dollar from which the merchant meets his operating expenses and obtains his net operating profit.

Operating expense ratios—each item of expense, as well as "total operating expenses" when expressed as a percentage of "net sales" shows the amounts of the average sales' dollar required to operate the average business.

Net operating profit ratio—the remaining proportion of the average sales' dollar after "cost of goods sold" and "total operating expenses" have been deducted. From this amount, the percentage allowances for both proprietors' salaries and income tax should be deducted, in order to determine the percentage to sales of net returns on capital investment.

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OPERATING RESULTS
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FOOD STORES

(Independent)

OPERATING RESULTS

1966

INTRODUCTION

This report is the second of its kind since 1960. The first bulletin was published for the year 1963. During the 1961 Census of Merchandising and Service Establishments, data were collected on gross profit ratios for retail trades and these are published in Table 20, Volume VI, Part 1, of the Census of Canada, 1961; the small bulletin containing Table 20 bears Catalogue No. 97-505. These publications are obtainable from the Queen's Printer, Ottawa.

The present report contains information about operating results of the following kinds of business:

- grocery stores;
- combination stores;
- meat markets;
- confectionery stores;
- fruit and vegetable stores;
- delicatessen stores;
- dairy products stores.

It is the intention to survey independent businesses reported on by the present bulletin every three years.

The figures in this report are published primarily as a guide for retailers. The averages and ratios that are shown can be used as a standard against which business men can compare their own operating experience. They also provide useful information to others interested in the cost of distribution of consumer goods. Data are provided for various types and sizes of operations. However, it is well to keep in mind that the averages and ratios published here do not represent the ideal situation to be aimed for. They are merely the observed results of a range of operational efficiencies. Where averages and ratios are given for a number of size categories or a number of types of operation, a weighting procedure has been applied to such data. These ratios are "weighted" according to the Census weights of the different sales sizes for independent stores. Data on financial structure are not collected.

Note: Definitions are given at the end of this report.

GROCERY STORES, INDEPENDENT

Stores in this category are primarily engaged in selling a general line of groceries and non-edible grocery items such as tissues, soaps, cleaning agents and polishes. Other items may include cooked or prepared meats, a small quantity of fresh meats (less than 15 per cent of total sales), fresh fruits and vegetables, drug sundries and also a general line of merchandise such as is found in country general stores. Grocery items should constitute at least 68 per cent of the total trade with fresh meats not more than 15 per cent. An exception is made in the case of stores selling a combination of fruits, vegetables and groceries, together with candy and confectionery, ice cream, tobacco and magazines. In such stores, if fruits, vegetables and groceries together form 40 per cent of the total trade and groceries predominate, the stores come within this classification. Unincorporated businesses and incorporated companies were surveyed.

Over 470 usable reports were received from unincorporated businesses and incorporated companies. The gross profit for independent, unincorporated businesses was 15.87 per cent of net sales in 1966 compared with 15.45 per cent in 1963. Salaries and wages, in 1966, excluding the pay for delivery employees, were 2.16 per cent of net sales compared with 2.86 per cent in 1963. Delivery expense was 1.14 per cent (0.79 per cent in 1963),

occupancy expenses were 3.97 per cent (4.24 per cent), office and store supplies 0.49 per cent (0.46 per cent), all other expenses 1.75 per cent (1.71 per cent). Total operating expenses accounted for 9.51 per cent (10.06 per cent) and net operating profit, before deduction of proprietors' salaries, withdrawals, and income tax and addition of net non-trading income, was 6.36 per cent (5.39 per cent). Taking account of non-trading income and expense, net profit was 6.76 per cent of net sales compared with 5.94 per cent in 1963. In the detailed tables, figures are given for stores with owned premises and stores with rented premises.

For the second time data were collected from independent grocery stores operated by incorporated companies. For all stores the gross profit was 17.94 per cent of net sales compared with 17.06 per cent in 1963. Salaries and wages, in 1966, excluding the pay for delivery employees, were 11.10 per cent of net sales (8.23 per cent in 1963), delivery expense was 0.81 per cent (0.38 per cent), occupancy expenses were 3.31 per cent (3.20 per cent), office and store supplies 0.27 per cent (0.56 per cent) and all other expenses 1.67 per cent (1.92 per cent). Total operating expenses were 17.16 per cent (14.29 per cent). Net operating profit before making allowance for income tax, was 0.78 per cent compared with 2.77 per cent in 1963. Data were only collected for stores with rented premises.

TABLE 1. Grocery Stores, Independent, Operating Results, 1956 - 66

Item	Unincorporated businesses					Incorporated	
	1956	1958	1960	1963	1966	1963	1966
	per cent of net sales						
Gross profit	14.76	15.07	15.35	15.45	15.87	17.06	17.94
Operating expenses:							
Employees' salaries and wages (except delivery employees)	2.55	2.52	2.40	2.86	2.16	8.23	11.10
Delivery expenses including salaries.....	0.82	0.83	0.95	0.79	1.14	0.38	0.81
Occupancy expenses	3.56	3.98	4.00	4.24	3.97	3.20	3.31
Office and store supplies	0.49	0.43	0.44	0.46	0.49	0.56	0.27
All other expenses	1.25	1.42	1.45	1.71	1.75	1.92	1.67
Total operating expenses	8.67	9.18	9.24	10.06	9.51	14.29	17.16
Net operating profit before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income	6.09	5.89	6.11	5.39	6.36	2.77¹	0.78¹

¹ Net operating profit before addition of net non-trading income and allowance for income tax.

TABLE 2. Grocery Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy
(Unincorporated Businesses), 1966

Item	Owned premises with annual net sales of							Total
	Under \$10,000	\$10,000- 19,999	\$20,000- 29,999	\$30,000- 49,999	\$50,000- 89,999	\$100,000- 199,999	\$200,000- 499,999	
Number of businesses reporting	13	41	49	88	86	29	3	309
Average net sales per business	\$ 6,903	14,849	25,156	40,233	67,863	127,751	214,569	63,223
Average beginning inventory	\$ 1,002	2,270	3,203	4,226	6,478	9,851	19,092	5,924
Average inventory, end of year	\$ 1,096	2,259	1,194	4,306	6,770	10,719	21,094	6,255
Average cost of goods sold	\$ 5,755	12,352	21,444	34,127	57,546	107,756	177,234	53,289
Stock turnover (times per year)	5.49	5.46	6.71	8.00	8.69	10.48	8.82	8.03
Profit and loss data (Per cent of net sales)								
Gross profit	16.63	16.65	14.76	15.18	15.20	15.65	17.40	15.55
Operating expenses:								
Employees' salaries and wages (except delivery)	0.28	0.75	1.01	1.06	2.10	3.87	5.80	1.93
Delivery expenses (including salaries and wages)	0.50	0.47	0.80	1.22	1.36	1.43	1.43	1.13
Occupancy expenses:								
Taxes	0.72	1.34	1.16	0.85	0.63	0.48	0.27	0.79
Insurance	0.70	0.72	0.58	0.46	0.46	0.31	0.28	0.49
Rent	1.51	1.98	1.51	1.08	0.87	0.65	0.64	1.11
Heat, light and power	0.48	0.64	0.64	0.57	0.46	0.44	0.33	0.52
Repairs and maintenance	0.11	0.85	1.23	1.12	1.08	0.96	0.69	0.99
Depreciation allowances	0.11	0.85	1.23	1.12	1.08	0.96	0.69	0.99
Total occupancy expenses	3.52	5.53	5.12	4.08	3.50	2.84	2.21	3.90
Office and store supplies	0.51	0.54	0.31	0.41	0.36	0.47	0.58	0.42
Advertising	0.05	0.19	0.19	0.19	0.41	0.38	0.78	0.31
Net loss on bad debts	0.30	0.36	0.25	0.22	0.12	0.13	0.37	0.21
All other expenses	0.74	1.24	1.21	1.42	1.39	1.37	0.94	1.30
Total operating expenses	5.85	9.14	8.89	8.60	9.24	10.49	12.11	9.20
Net operating profit	10.78	7.51	5.87	6.58	5.96	5.16	5.29	6.35
Non-trading income	—	0.59	1.40	0.78	0.60	0.27	0.19	0.64
Non-trading expense	0.67	0.03	0.14	0.14	0.15	0.02	—	0.13
Net profit before deduction of proprietors' salaries, withdrawals and income tax	10.11	8.07	7.13	7.22	6.41	5.41	5.48	6.86
Rented premises with annual net sales of								Total owned and rented
	\$10,000- 19,999	\$20,000- 29,999	\$30,000- 49,999	\$50,000- 99,999	\$100,000- 199,999		Total	
Number of businesses reporting	7	15	34	70	29		157	466
Average net sales per business	17,374	25,931	39,897	68,522	126,595		134,049	85,033
Average beginning inventory	\$ 2,661	2,426	3,510	4,718	6,954		7,518	6,415
Average inventory, end of year	\$ 2,199	2,414	3,585	5,125	7,268		7,597	6,568
Average cost of goods sold	\$ 14,603	22,087	35,422	57,489	102,664		111,695	71,271
Stock turnover (times per year)	6.01	5.13	9.42	11.68	14.72		13.70	9.78
Profit and loss data (Per cent of net sales)								
Gross profit	15.95	14.82	16.23	16.10	17.32		16.59	15.87
Operating expenses:								
Employees' salaries and wages (except delivery)	—	0.40	1.26	1.78	3.59		2.68	2.16
Delivery expenses (including salaries and wages)	0.61	0.47	1.21	1.57	1.63		1.16	1.14
Occupancy expenses:								
Taxes	0.86	0.38	0.40	0.32	0.21		0.26	0.43
Insurance	0.45	0.24	0.40	0.27	0.27		0.30	0.43
Rent	2.69	3.18	2.67	2.38	1.89		2.08	0.64
Heat, light and power	1.13	0.90	0.96	0.70	0.62		0.62	0.66
Repairs and maintenance	0.59	0.50	0.54	0.33	0.28		0.30	0.45
Depreciation allowances	0.51	0.44	0.49	0.64	0.53		0.56	0.86
Total occupancy expenses	6.23	5.64	5.46	4.64	3.74		4.12	3.97
Office and store supplies	0.43	0.41	0.34	0.52	0.52		0.63	0.49
Advertising	0.15	0.36	0.30	0.36	0.40		0.28	0.30
Net loss on bad debts	0.35	0.04	0.12	0.02	0.06		0.05	0.16
All other expenses	0.94	0.70	1.24	1.04	0.98		1.28	1.29
Total operating expenses	8.71	8.02	9.93	9.93	10.92		10.20	9.51
Net operating profit	7.24	6.80	6.30	6.17	6.40		6.39	6.36
Non-trading income	1.94	0.57	0.27	0.25	0.27		0.23	0.51
Non-trading expense	0.55	0.03	0.16	0.10	0.10		0.08	0.11
Net profit before deduction of proprietors' salaries, withdrawals and income tax	8.63	7.34	6.41	6.32	6.57		6.54	6.76

TABLE 3. Grocery Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy
(Incorporated Companies), 1966

Item	Rented premises with annual net sales of			
	\$50,000 - 99,999	\$100,000 - 199,999	\$200,000 - 499,999	Total
Number of businesses reporting	3	3	3	9
Average net sales per business \$	70,371	169,482	275,575	226,521
Average beginning inventory \$	12,530	17,669	17,783	17,253
Average inventory, end of year \$	10,102	16,358	18,656	17,204
Average cost of goods sold \$	55,995	139,756	226,697	186,257
Stock turnover (times per year)	4.95	8.21	12.44	10.55
Profit and loss data (Per cent of net sales)				
Gross profit	20.43	17.54	17.74	17.94
Operating expenses:				
Employees' salaries and wages (except delivery)	12.39	8.63	12.00	11.10
Delivery expenses (including salaries and wages)	0.96	1.35	0.57	0.81
Occupancy expenses:				
Taxes	0.22	0.37	0.05	0.16
Insurance	0.52	0.42	0.24	0.32
Rent	3.57	2.13	1.27	1.72
Heat, light and power	0.90	0.67	0.39	0.52
Repairs and maintenance	0.71	0.25	0.13	0.22
Depreciation allowances	0.59	0.33	0.36	0.37
Total occupancy expenses	6.51	4.17	2.44	3.31
Office and store supplies	0.47	0.26	0.24	0.27
Advertising	0.52	0.25	0.22	0.26
Net loss on bad debts	—	—	0.14	0.09
All other expenses	2.73	0.95	1.27	1.32
Total operating expenses	23.58	15.61	16.88	17.16
Net operating profit	- 3.15	1.93	0.86	0.78
Non-trading income	—	—	—	—
Non-trading expense	—	—	0.13	0.08
Net profit before allowance for income tax	- 3.15	1.93	0.73	0.70

COMBINATION STORES, INDEPENDENT

Stores in this category are primarily engaged in selling a combination of groceries and fresh meat, the latter usually accounting for 15 to 50 per cent of sales. Fresh fruits and vegetables, along with some confectionery and tobacco products, often form part of the trade. Unincorporated businesses, incorporated companies and co-operative associations were surveyed.

Over 560 usable reports were received from both unincorporated businesses and incorporated companies. The gross profit for independent unincorporated businesses was 16.34 per cent of net sales in 1966 compared with 15.50 per cent in 1963. Salaries and wages, in 1966, excluding the pay for delivery employees, were 4.31 per cent in net sales compared with 4.73 per cent in 1963. Delivery expense was 1.41 per cent (0.86 per cent in 1963), occupancy expenses were 3.36 per cent (3.22 per cent), office and store supplies 0.46 per cent (0.54 per cent), all other expenses 2.23 per cent (2.13 per cent). Total operating expenses amounted to 11.77 per cent (11.48 per cent) and net operating profit before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income and expense, net operating profit was 4.87 per cent of net sales compared with 4.26 per cent in 1963. In the detailed tables a distinction is made between stores with owned premises and stores with rented premises.

For the second time data were collected from independent stores operated by incorporated companies. For all stores, the gross profit was 17.49 per cent of net sales in 1966 compared with 16.74 per cent in 1963. Salaries and wages, excluding the pay for delivery employees, were 8.17 per cent (7.82 per cent in 1963). Delivery expense was 0.68 per cent (0.59 per cent), occupancy expenses amounted to 3.12 per cent (3.18 per cent), office and store supplies were 0.72 per cent (0.69 per cent) and all other expenses reached 2.42 per cent (2.62 per cent). Total operating expenses amounted to 15.11 per cent compared with 14.90 per cent in 1963. Net operating profit, before adding net non-trading income and before making allowance for income tax, was 2.38 per cent of net sales, against 1.84 per cent three years earlier. Taking account of non-trading income and expense, final net profit was 2.66 per cent in 1966.

At the end of this section, data are given for co-operative associations operating combination stores. Usable reports were received from five stores in the sales range of \$200,000 to \$500,000. The gross profit was 15.97 per cent of net sales (18.16 per cent in 1963). Total occupancy expenses were 2.16 per cent (2.71 in 1963) and total operating expenses amounted to 13.64 per cent compared with 15.25 per cent in 1963. Net profit, after taking account of net non-trading income and expense, was 3.06 per cent (2.86 per cent in 1963).

TABLE 4. Combination Stores, Independent, Operating Results, 1956-66

Item	Unincorporated businesses					Incorporated ¹	
	1956	1958	1960	1963	1966	1963	1966
	per cent of net sales						
Gross profit	15.40	15.07	15.36	15.50	16.34	16.74	17.49
Operating expenses:							
Employees' salaries and wages (except delivery employees)	4.38	4.24	4.30	4.73	4.31	7.82	8.17
Delivery expenses including salaries	1.09	1.07	0.99	0.86	1.41	0.59	0.68
Occupancy expenses	3.10	3.15	3.27	3.22	3.36	3.18	3.12
Office and store supplies	0.62	0.57	0.52	0.54	0.46	0.69	0.72
All other expenses.....	1.46	1.63	1.78	2.13	2.23	2.62	2.42
Total operating expenses	10.65	10.66	10.86	11.48	11.77	14.90	15.11
Net operating profit before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income	4.75	4.41	4.50	4.02	4.57	1.84 ²	2.38 ²

¹ Please refer to detailed table following for data on incorporated Consumer Co-operative Stores.

² Net operating profit before addition of net non-trading income and allowance for income tax.

TABLE 5. Combination Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy
(Unincorporated Businesses), 1966

Item	Owned premises with annual net sales of						Total
	\$10,000- 19,999	\$20,000- 29,999	\$30,000- 49,999	\$50,000- 99,999	\$100,000- 199,999	\$200,000- 499,999	
Number of businesses reporting	3	9	31	90	115	56	306
Average net sales per business	\$ 12,450	26,164	39,610	74,137	143,082	263,417	171,079
Average beginning inventory	\$ 3,125	2,951	4,174	6,161	9,208	14,800	9,554
Average inventory, end of year	\$ 3,002	3,184	3,953	6,278	9,139	15,559	10,362
Average cost of goods sold	\$ 10,552	21,711	33,228	62,508	120,438	219,386	143,735
Stock turnover (times per year)	3.44	7.08	8.18	10.05	13.13	14.49	12.89
Profit and loss data (Per cent of net sales)							
Gross profit	15.24	17.02	16.11	15.69	15.83	16.53	16.01
Operating expenses:							
Employees' salaries and wages (except delivery)	0.12	0.84	1.21	3.16	4.43	4.91	3.86
Delivery expenses (including salaries and wages)	1.33	0.76	0.92	1.29	1.58	1.60	1.42
Occupancy expenses:							
Taxes	2.32	1.58	0.92	0.72	0.52	0.57	0.66
Insurance	1.31	0.50	0.49	0.41	0.35	0.34	0.39
Rent	—	—	—	—	—	—	—
Heat, light and power	1.70	1.34	1.44	0.92	0.63	0.48	0.74
Repairs and maintenance	1.05	0.67	0.58	0.56	0.38	0.34	0.45
Depreciation allowances	0.68	1.60	1.34	0.98	1.00	0.83	0.97
Total occupancy expenses	7.06	5.69	4.87	3.61	2.88	2.56	3.21
Office and store supplies	0.48	0.29	0.47	0.43	0.41	0.46	0.45
Advertising	0.08	0.34	0.16	0.51	0.60	1.00	0.72
Net loss on bad debts	0.02	0.60	0.32	0.17	0.15	0.26	0.21
All other expenses	0.87	1.80	1.60	1.20	1.26	1.48	1.32
Total operating expenses	9.96	10.32	9.55	10.37	11.31	12.27	11.19
Net operating profit	5.28	6.71	6.56	5.32	4.52	4.26	4.82
Non-trading income	—	0.86	1.24	0.58	0.46	0.74	0.62
Non-trading expense	—	0.08	0.04	0.18	0.15	0.29	0.18
Net profit before deduction of proprietors' salaries, with- drawals and income tax	5.28	7.49	7.76	5.72	4.83	4.71	5.26
Rented premises with annual net sales of							Total owned and rented
	\$30,000- 49,999	\$50,000- 99,999	\$100,000- 199,999	\$200,000- 499,999	\$500,000- 999,999	Total	
Number of businesses reporting	12	53	66	41	4	176	482
Average net sales per business	\$ 42,141	75,958	139,964	283,512	682,414	205,609	183,692
Average beginning inventory	\$ 3,474	5,345	8,989	13,127	25,794	10,443	9,879
Average inventory, end of year	\$ 3,513	5,436	9,440	14,490	27,674	11,189	10,664
Average cost of goods sold	\$ 35,499	62,812	116,786	235,133	562,936	170,540	153,526
Stock turnover (times per year)	10.16	11.65	12.67	17.03	21.06	14.31	13.41
Profit and loss data (Per cent of net sales)							
Gross profit	15.76	17.31	16.56	17.06	17.51	16.91	16.34
Operating expenses:							
Employees' salaries and wages (except delivery)	1.49	4.15	5.16	5.69	7.20	5.08	4.31
Delivery expenses (including salaries and wages)	1.85	1.44	1.16	1.81	0.16	1.39	1.41
Occupancy expenses:							
Taxes	0.44	0.39	0.27	0.19	0.19	0.27	0.52
Insurance	0.34	0.40	0.32	0.28	0.16	0.31	0.36
Rent	2.85	1.88	1.35	0.99	1.53	1.44	0.53
Heat, light and power	0.92	0.73	0.48	0.40	0.47	0.53	0.66
Repairs and maintenance	0.67	0.34	0.47	0.32	0.38	0.40	0.43
Depreciation allowances	1.10	0.57	0.58	0.69	1.02	0.67	0.86
Total occupancy expenses	6.32	4.31	3.47	2.87	3.75	3.62	3.36
Office and store supplies	0.56	0.50	0.39	0.45	0.94	0.48	0.46
Advertising	0.51	0.46	0.72	1.14	1.50	0.84	0.76
Net loss on bad debts	0.10	0.17	0.14	0.03	0.01	0.10	0.17
All other expenses	1.47	1.41	0.96	1.09	3.04	1.27	1.30
Total operating expenses	12.30	12.44	12.00	13.08	16.60	12.78	11.77
Net operating profit	3.46	4.87	4.56	3.98	0.91	4.13	4.57
Non-trading income	—	0.10	0.38	0.10	0.10	0.19	0.46
Non-trading expense	—	0.13	0.13	0.08	0.26	0.12	0.16
Net profit before deduction of proprietors' salaries with- drawals and income tax	3.46	4.84	4.81	4.00	0.75	4.20	4.87

TABLE 6. Combination Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy
(Incorporated Companies), 1966

Item	Owned premises with annual net sales of					Total
	\$100,000- 199,999	\$200,000- 499,999	\$500,000- 999,999			
Number of businesses reporting	7	18	4			30
Average net sales per business	158,342	292,681	609,668			564,707
Average beginning inventory	\$ 16,866	19,616	31,911			28,793
Average inventory, end of year	\$ 15,354	20,571	32,368			29,758
Average cost of goods sold	\$ 133,650	244,167	508,996			465,661
Stock turnover (times per year)	8.30	12.15	15.84			14.82
Profit and loss data (Per cent of net sales)						
Gross profit	15.59	16.57	16.51			17.02
Operating expenses:						
Employees' salaries and wages (except delivery)	6.61	7.38	8.21			8.00
Delivery expenses (including salaries and wages)	0.91	1.02	0.22			0.57
Occupancy expenses:						
Taxes	0.40	0.38	0.28			0.39
Insurance	0.59	0.31	0.22			0.27
Rent	—	—	—			—
Heat, light and power	0.86	0.63	0.83			0.69
Repairs and maintenance	0.62	0.34	0.27			0.33
Depreciation allowances	0.83	1.03	1.11			0.98
Total occupancy expenses	3.30	2.69	2.71			2.66
Office and store supplies	0.49	0.53	0.47			0.59
Advertising	0.55	0.47	0.99			0.70
Net loss on bad debts	0.09	0.07	0.09			0.07
All other expenses	1.37	1.14	1.63			1.32
Total operating expenses	13.32	13.30	14.32			13.91
Net operating profit	2.27	3.27	2.19			3.11
Non-trading income	0.38	0.70	1.34			0.88
Non-trading expense	0.21	0.23	—			0.10
Net profit before allowance for income tax	2.44	3.74	3.53			3.89
	Rented premises with annual net sales of					Total owned and rented
	\$50,000- 99,999	\$100,000- 199,999	\$200,000- 499,999	\$500,000- 999,999	\$1,000,000 and over	
Number of businesses reporting	3	10	24	9	5	51
Average net sales per business	83,488	151,962	311,529	741,182	4,961,143	1,512,348
Average beginning inventory	\$ 3,610	10,678	17,953	34,009	140,373	51,327
Average inventory, end of year	\$ 4,922	10,787	19,565	33,709	204,853	66,005
Average cost of goods sold	\$ 65,123	124,428	254,772	602,826	4,204,108	1,267,887
Stock turnover (times per year)	15.27	11.59	13.58	17.80	24.36	17.64
Profit and loss data (Per cent of net sales)						
Gross profit	22.00	18.12	18.22	18.67	15.26	17.77
Operating expenses:						
Employees' salaries and wages (except delivery)	9.97	8.16	8.95	8.38	7.19	8.29
Delivery expenses (including salaries and wages)	0.72	1.43	0.92	0.79	0.13	0.72
Occupancy expenses:						
Taxes	0.24	0.34	0.27	0.36	0.15	0.29
Insurance	0.30	0.39	0.32	0.17	0.11	0.21
Rent	1.90	1.92	1.26	1.46	1.14	1.36
Heat, light and power	0.35	0.54	0.53	0.47	0.28	0.45
Repairs and maintenance	0.22	0.28	0.37	0.35	0.23	0.32
Depreciation allowances	0.36	0.56	0.69	0.91	0.64	0.76
Total occupancy expenses	3.37	4.03	3.44	3.72	2.55	3.39
Office and store supplies	0.36	0.62	0.61	0.80	1.12	0.80
Advertising	0.40	0.80	0.74	0.96	0.88	0.86
Net loss on bad debts	0.44	0.03	0.08	0.04	0.03	0.05
All other expenses	1.34	1.26	1.25	2.52	0.71	1.66
Total operating expenses	16.60	16.33	15.99	17.21	12.61	15.77
Net operating profit	5.40	1.79	2.23	1.46	2.65	2.00
Non-trading income	—	0.06	0.04	0.05	—	0.03
Non-trading expense	—	—	—	0.01	—	—
Net profit before allowance for income tax	5.40	1.85	2.27	1.50	2.65	2.03

TABLE 7. Combination Stores, Consumer Co-operative, Operating Results of Associations, 1966

Item	Owned premises with annual net sale of \$200,000-499,999
Number of businesses reporting	5
Average net sales per business	\$ 325,148
Average beginning inventory	\$ 31,493
Average inventory, end of year	\$ 33,115
Average cost of goods sold	\$ 273,235
Stock turnover (times per year)	8.46
Profit and loss data (Per cent of net sales)	
Gross profit	15.97
Operating expenses:	
Employees' salaries and wages (except delivery)	6.83
Delivery expenses (including salaries and wages)	0.93
Occupancy expenses:	
Taxes	0.30
Insurance	0.29
Rent	—
Heat, light and power	0.59
Repairs and maintenance	0.20
Depreciation allowances	0.78
Total occupancy expenses	2.16
Office and store supplies	0.39
Advertising	0.37
Net loss on bad debts	0.54
All other expenses	2.42
Total operating expenses	13.64
Net operating profit	2.33
Non-trading income	0.80
Non-trading expense	0.07
Net profit before allowance for income tax	3.06

MEAT MARKETS, INDEPENDENT

Stores in this classification are primarily engaged in selling fresh meats. Other items may include cured meats, poultry, dairy products and eggs. Dry groceries may also be sold but may not account for more than 49 per cent of total sales. Unincorporated businesses and incorporated companies were both surveyed.

One hundred and fifty usable reports were received from unincorporated businesses and incorporated companies. The gross profit for independent unincorporated businesses was 20.77 per cent of net sales in 1966 compared with 20.69 per cent in 1963. Salaries and wages, in 1966, excluding the pay for delivery employees, were 5.36 per cent of net sales compared with 6.29 per cent in 1963. Delivery expense was 1.61 per cent (1.26 per cent in 1963), occupancy expenses reached 4.01 per cent (4.06 per cent), office and store supplies were 0.93 per cent (1.06 per cent), all other expenses 1.83 per cent (1.89 per cent), making total operating expenses 13.74 per cent of net sales in 1966 compared with 14.56 per cent in 1963. Net operating profit, before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income, was 7.03

per cent (6.13 per cent). Taking account of non-trading income and expense, net profit was 7.23 per cent of net sales compared with 6.39 per cent in 1963. In the detailed tables, a distinction is made between stores with owned premises and stores with rented premises.

For the second time data were collected from independent meat markets operated by incorporated companies. For all stores the gross profit was 21.66 per cent of net sales in 1966 compared with 24.57 per cent in 1963. Salaries and wages amounted to 10.83 per cent (13.08 per cent in 1963), delivery expense was 1.54 per cent (1.00 per cent), occupancy expenses were 3.88 per cent (4.48 per cent), office and store supplies 1.28 per cent (1.25 per cent) and all other expenses accounted for 2.54 per cent (3.24 per cent), making total operating expenses 20.07 per cent (23.05 per cent). Net operating profit, before adding net non-trading income and before making allowance for income tax, was 1.59 per cent of net sales (1.52 per cent). The addition for net non-trading income was 0.17 per cent. In the detailed tables information is available only for stores with rented premises.

TABLE 8. Meat Markets, Independent, Operating Results, 1956 - 66

Item	Unincorporated businesses					Incorporated	
	1956	1958	1960	1963	1966	1963	1966
	per cent of net sales						
Gross profit	19.61	19.07	20.25	20.69	20.77	24.57	21.66
Operating expenses:							
Employees' salaries and wages (except delivery employees).....	5.47	5.48	5.83	6.29	5.36	13.08	10.83
Delivery expenses including salaries.....	1.30	1.24	1.32	1.26	1.61	1.00	1.54
Occupancy expenses.....	3.48	3.54	3.62	4.06	4.01	4.48	3.88
Office and store supplies.....	1.00	0.98	1.08	1.06	0.93	1.25	1.28
All other expenses.....	1.48	1.71	1.88	1.89	1.83	3.24	2.54
Total operating expenses	12.73	12.95	13.73	14.56	13.74	23.05	20.07
Net operating profit before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income.....	6.88	6.12	6.52	6.13	7.03	1.52 ¹	1.59 ¹

¹ Net operating profit before addition of net non-trading income and allowance for income tax.

TABLE 9. Meat Markets, Independent, Operating Results by Annual Sales Volume and Type of Occupancy
(Unincorporated Businesses), 1966

Item	Owned premises with annual net sales of						Total
	\$20,000- 29,999	\$30,000- 49,999	\$50,000- 99,999	\$100,000- 199,999	\$200,000- 499,999		
Number of businesses reporting.....	5	7	19	17	4		52
Average net sales per business..... \$	23,447	36,160	73,735	122,301	271,298		111,277
Average beginning inventory..... \$	1,368	863	2,633	2,642	6,253		2,903
Average inventory, end of year..... \$	1,542	857	2,888	3,616	9,369		3,788
Average cost of goods sold..... \$	18,149	27,898	57,313	95,092	228,032		89,354
Stock turnover (times per year).....	12.47	32.44	20.77	30.39	29.19		25.99
Profit and loss data (Per cent of net sales)							
Gross profit.....	22.60	22.85	22.27	22.25	15.95		21.31
Operating expenses:							
Employees' salaries and wages (except delivery).....	2.22	1.66	5.35	8.75	4.62		5.39
Delivery expenses (including salaries and wages).....	0.57	1.18	2.21	1.62	2.39		1.83
Occupancy expenses:							
Taxes.....	1.33	1.04	0.83	0.56	0.33		0.74
Insurance.....	0.41	0.53	0.44	0.31	0.45		0.42
Rent.....	—	—	—	—	—		—
Heat, light and power.....	1.03	2.17	1.40	0.76	0.34		1.14
Repairs and maintenance.....	0.75	0.62	0.54	0.56	0.56		0.57
Depreciation allowances.....	1.13	1.91	1.41	0.92	1.02		1.27
Total occupancy expenses.....	4.65	6.27	4.62	3.11	2.70		4.14
Office and store supplies.....	0.88	1.45	1.08	0.95	1.04		1.08
Advertising.....	0.16	0.22	0.63	0.38	0.18		0.40
Net loss on bad debts.....	—	0.25	0.04	0.22	0.05		0.12
All other expenses.....	1.17	2.02	2.02	1.37	0.61		1.56
Total operating expenses.....	9.65	13.05	15.95	16.40	11.59		14.52
Net operating profit.....	12.95	9.80	6.32	5.85	4.36		6.79
Non-trading income.....	1.54	0.07	0.25	0.72	0.16		0.40
Non-trading expense.....	—	—	0.01	0.15	—		0.02
Net profit before deduction of proprietors' salaries with- drawals and income tax.....	14.49	9.87	6.56	6.42	4.52		7.17
Rented premises with annual net sales of							Total owned and rented
	\$20,000- 29,999	\$30,000- 49,999	\$50,000- 99,999	\$100,000- 199,999	\$200,000- 499,999	Total	
Number of businesses reporting.....	4	4	23	35	9	79	131
Average net sales per business..... \$	26,519	46,824	75,672	135,654	302,611	141,376	128,236
Average beginning inventory..... \$	993	707	2,177	1,816	3,896	2,176	2,493
Average inventory, end of year..... \$	1,090	884	2,420	1,938	4,358	2,423	3,019
Average cost of goods sold..... \$	18,599	37,418	59,417	108,614	247,785	114,404	103,468
Stock turnover (times per year).....	17.85	47.01	25.86	57.87	60.04	46.26	37.41
Profit and loss data (Per cent of net sales)							
Gross profit.....	29.87	20.09	21.48	19.93	18.12	20.36	20.77
Operating expenses:							
Employees' salaries and wages (except delivery).....	3.02	2.46	4.61	5.99	8.08	5.34	5.36
Delivery expenses (including salaries and wages).....	1.49	1.35	2.01	1.36	0.58	1.44	1.61
Occupancy expenses:							
Taxes.....	0.66	0.11	0.27	0.20	0.12	0.22	0.45
Insurance.....	0.18	0.33	0.22	0.18	0.18	0.22	0.31
Rent.....	4.11	2.09	1.82	1.56	1.26	1.70	0.96
Heat, light and power.....	1.25	0.78	0.68	0.60	0.33	0.62	0.85
Repairs and maintenance.....	1.02	0.13	0.40	0.37	0.41	0.38	0.46
Depreciation allowances.....	1.19	0.90	0.85	0.68	0.45	0.76	0.98
Total occupancy expenses.....	8.41	4.39	4.24	3.59	2.75	3.90	4.01
Office and store supplies.....	1.29	0.94	0.77	0.68	0.98	0.82	0.93
Advertising.....	0.93	0.09	0.26	0.34	0.23	0.28	0.33
Net loss on bad debts.....	—	0.16	0.05	0.06	0.01	0.05	0.08
All other expenses.....	2.05	1.03	1.47	1.21	1.70	1.31	1.42
Total operating expenses.....	17.19	10.42	13.41	13.23	13.93	13.14	13.74
Net operating profit.....	12.68	9.67	8.07	6.70	4.19	7.22	7.03
Non-trading income.....	—	—	0.10	0.10	0.04	0.07	0.21
Non-trading expense.....	—	—	—	—	0.03	0.01	0.01
Net profit before deduction of proprietors' salaries with- drawals and income tax.....	12.68	9.67	8.17	6.80	4.20	7.28	7.23

TABLE 10. Meat Markets, Independent, Operating Results by Annual Sales Volume and Type of Occupancy
(Incorporated Companies), 1966

Item	Rented premises with annual net sales of		
	\$100,000- 199,999	\$200,000 - 499,999	Total
Number of businesses reporting.....	3	13	19
Average net sales per business \$	153,480	333,422	291,414
Average beginning inventory \$	3,115	7,345	5,723
Average inventory, end of year \$	5,023	8,251	6,760
Average cost of goods sold \$	114,228	271,172	230,973
Stock turnover (times per year)	28.07	34.77	35.53
Profit and loss data (Per cent of net sales)			
Gross profit	25.57	18.67	21.66
Operating expenses:			
Employees' salaries and wages (except delivery)	13.27	8.50	10.83
Delivery expenses (including salaries and wages).....	2.22	1.56	1.54
Occupancy expenses:			
Taxes	0.19	0.29	0.21
Insurance	0.31	0.19	0.22
Rent	2.12	1.09	1.59
Heat, light and power	0.88	0.45	0.64
Repairs and maintenance	0.44	0.46	0.42
Depreciation allowances.....	0.91	0.61	0.80
Total occupancy expenses	4.85	3.09	3.88
Office and store supplies	1.37	1.01	1.28
Advertising	0.46	0.40	0.51
Net loss on bad debts	0.06	0.22	0.11
All other expenses	2.24	1.96	1.92
Total operating expenses	24.47	16.74	20.07
Net operating profit	1.10	1.93	1.59
Non-trading income	—	0.57	0.24
Non-trading expense	0.09	0.02	0.07
Net profit before allowance for income tax	1.01	2.48	1.76

CONFECTIONERY STORES, INDEPENDENT

This classification contains retail establishments primarily engaged in selling candy and confectionery, soft drinks, soda fountain products and ice cream to the extent of at least 50 per cent of total net sales. Other items sold include light lunches, groceries, fresh fruits and vegetables.

Seventy-two usable reports were received from independent unincorporated confectionery stores of all sizes. The gross profit for all stores, in 1966, was 17.09 per cent of net sales compared with 19.29 per cent in 1963. Salaries and wages, excluding the pay for delivery employees, were 1.37 per cent compared with 2.64 per cent in 1963.

Delivery expense amounted to 0.49 per cent (0.31 per cent in 1963). Occupancy expenses were 5.46 per cent (6.17 per cent), office and store supplies 0.41 per cent (0.52 per cent) and all other expenses 1.51 per cent (1.33 per cent), making total operating expenses 9.24 per cent (10.97 per cent). The 1966 net operating profit figure, before deduction of proprietors' salaries, withdrawals and income tax and before the addition of net non-trading income, comes out at 7.85 per cent compared with 8.32 per cent for 1963. After taking account of non-trading income and expense, the final profit was 8.46 per cent compared with 8.73 per cent in 1963. Reports were received only from unincorporated businesses.

TABLE 11. Confectionery Stores, Independent, Operating Results, 1956 - 66

Item	Unincorporated businesses				
	1956	1958	1960	1963	1966
	per cent of net sales				
Gross profit	18.98	19.15	19.91	19.29	17.09
Operating expenses:					
Employees' salaries and wages (except delivery employees)	3.20	3.27	3.06	2.64	1.37
Delivery expenses including salaries	0.16	0.27	0.30	0.31	0.49
Occupancy expenses	5.82	6.19	6.07	6.17	5.46
Office and store supplies	0.47	0.49	0.45	0.52	0.41
All other expenses	1.36	1.46	1.59	1.33	1.51
Total operating expenses	11.01	11.68	11.47	10.97	9.24
Net operating profit before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income	7.97	7.47	8.44	8.32	7.85

**TABLE 12. Confectionery Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy
(Unincorporated Businesses), 1966**

Item	Owned stores with annual net sales of					
	\$10,000- 19,999	\$20,000- 29,999	\$30,000- 49,999	\$50,000- 99,999	\$100,000- 199,999	Total
Number of businesses reporting	10	12	9	9	4	45
Average net sales per business	\$ 13,935	24,114	36,883	70,492	108,729	40,687
Average beginning inventory	\$ 807	1,388	2,502	3,057	7,300	2,281
Average inventory, end of year	\$ 807	1,645	2,926	3,380	7,535	2,527
Average cost of goods sold	\$ 11,661	20,794	29,674	59,455	87,186	33,748
Stock turnover (times per year)	14.45	13.72	10.93	18.48	11.75	14.04
Profit and loss data (Per cent of net sales)						
Gross profit	16.32	13.77	19.55	15.66	19.81	16.68
Operating expenses:						
Employees' salaries and wages (except delivery)	0.10	0.79	1.01	2.91	6.87	1.48
Delivery expenses (including salaries and wages)	1.47	0.01	0.69	0.20	0.16	0.59
Occupancy expenses:						
Taxes	2.09	1.23	1.34	0.66	0.56	1.30
Insurance	0.71	0.40	0.39	0.26	0.33	0.44
Rent	—	—	—	—	—	—
Heat, light and power	2.27	1.03	1.53	1.06	0.77	1.45
Repairs and maintenance	0.61	1.18	0.55	0.32	0.39	0.65
Depreciation allowances	0.28	1.18	2.25	1.28	1.20	1.27
Total occupancy expenses	5.96	5.02	6.06	3.58	3.25	5.11
Office and store supplies	0.46	0.42	0.27	0.43	0.41	0.39
Advertising	0.07	0.03	0.09	0.15	0.09	0.08
Net loss on bad debts	0.04	0.03	0.03	0.06	—	0.04
All other expenses	0.80	1.44	2.58	1.71	1.74	1.66
Total operating expenses	8.90	7.74	10.73	9.04	12.52	9.35
Net operating profit	7.42	6.03	8.82	6.62	7.29	7.33
Non-trading income	2.05	0.67	1.09	0.36	0.70	1.05
Non-trading expense	0.07	—	—	—	—	0.02
Net profit before deduction of proprietors' salaries, withdrawals and income tax	9.40	6.70	9.91	6.98	7.99	8.36
Rented stores with annual net sales of						
	\$10,000- 19,999	\$20,000- 29,999	\$30,000- 49,999	\$50,000- 99,999	\$100,000- 199,999	Total owned and rented
Number of businesses reporting	4	6	7	7	3	27
Average net sales per business	\$ 16,663	23,954	39,821	75,685	123,171	45,968
Average beginning inventory	\$ 1,583	1,920	3,016	4,741	4,345	3,077
Average inventory, end of year	\$ 1,800	1,702	3,075	5,447	4,259	3,234
Average cost of goods sold	\$ 13,386	19,470	32,993	63,641	101,597	38,165
Stock turnover (times per year)	8.41	10.75	10.83	12.49	23.62	11.43
Profit and loss data (Per cent of net sales)						
Gross profit	19.66	18.72	17.15	15.91	17.52	17.09
Operating expenses:						
Employees' salaries and wages (except delivery)	0.34	—	1.75	1.43	4.80	1.37
Delivery expenses (including salaries and wages)	0.85	0.20	0.25	0.48	0.15	0.49
Occupancy expenses:						
Taxes	0.45	0.40	0.39	0.33	0.35	0.38
Insurance	0.45	0.37	0.30	0.28	0.20	0.33
Rent	5.38	3.68	2.13	2.41	1.64	3.08
Heat, light and power	1.68	1.03	0.98	0.58	0.38	0.97
Repairs and maintenance	0.45	0.39	0.29	0.62	0.82	0.44
Depreciation allowances	1.18	0.19	0.61	0.72	0.45	0.64
Total occupancy expenses	10.14	6.06	4.72	4.94	3.84	5.46
Office and store supplies	0.22	0.39	0.44	0.56	0.43	0.41
Advertising	0.02	0.06	0.15	0.21	0.16	0.13
Net loss on bad debts	—	0.11	0.34	0.08	0.33	0.18
All other expenses	2.23	0.93	0.53	0.73	0.27	0.91
Total operating expenses	13.80	7.75	8.18	8.43	9.98	9.12
Net operating profit	5.86	10.97	8.97	7.48	7.54	7.85
Non-trading income	0.37	—	—	0.66	—	0.23
Non-trading expense	0.38	—	—	0.09	—	0.08
Net profit before deduction of proprietors' salaries, withdrawals and income tax	5.85	10.97	8.97	8.05	7.54	8.46

FRUIT AND VEGETABLE STORES, INDEPENDENT

Stores in this category are primarily engaged in selling fresh fruits and vegetables. An exception is made in the case of stores selling a combination of fruits, vegetables and groceries, together with candy and confectionery, ice cream, tobacco products and magazines. For such stores, if fruits, vegetables and groceries together form 40 per cent of the total trade and fruits and vegetables predominate, the stores are within this classification. Both unincorporated businesses and incorporated companies were surveyed.

Twenty-nine usable reports were received from unincorporated businesses and incorporated companies. The gross profit for independent unincorporated businesses was 19.62 per cent of net sales in 1966 compared with 20.36 per cent in 1963. Salaries and wages, in 1966, excluding the pay for delivery employees, were 3.00 per cent of net sales compared with 4.67 per cent in 1963. Delivery expense was 2.25 per cent (1.01 per cent in 1963), occupancy expenses amounted to 5.38 per cent (5.76 per cent in 1963), office and store supplies reached 1.19 per cent (1.01 per cent), all other expenses were 1.32 per cent (1.23 per cent), making total operating expenses 13.14 per cent (13.68 per cent). Net operating profit, before deduction

of proprietors' salaries, withdrawals and income tax and addition of net non-trading income, was 6.48 per cent (6.68 per cent). Taking account of non-trading income and expense, final net profit was 6.98 per cent of net sales in 1966 compared with 6.77 per cent in 1963. In the detailed tables, figures are given for both stores with owned premises and stores with rented premises.

In the incorporated sector of the trade 5 companies were surveyed with sales of \$100,000 and over. The gross profit for independent incorporated companies was 28.03 per cent of net sales in 1966 compared with 23.03 per cent in 1963. Salaries and wages, in 1966, excluding the pay for delivery employees, were 12.10 per cent compared with 11.40 per cent in 1963. Delivery expense was 0.27 per cent (0.93 per cent in 1963), occupancy expenses were 5.86 per cent (5.16 per cent), office and store supplies 1.51 per cent (1.36 per cent), all other expenses 1.24 per cent (1.68 per cent). Total operating expenses amounted to 20.98 per cent (20.53 per cent). Net operating profit, before making allowance for income tax, was 7.05 per cent of net sales compared with 2.50 per cent in 1963. Reports were received only from stores with rented premises.

TABLE 13. Fruit and Vegetable Stores, Independent, Operating Results, 1956-66

Item	Unincorporated businesses					Incorporated	
	1956	1958	1960	1963	1966	1963	1966
	per cent of net sales						
Gross profit	19.39	19.00	19.67	20.36	19.62	23.03	28.03
Operating expenses:							
Employees' salaries and wages (except delivery employees)	3.94	4.02	4.47	4.67	3.00	11.40	12.10
Delivery expenses including salaries	1.34	1.38	1.25	1.01	2.25	0.93	0.27
Occupancy expenses	4.69	4.72	4.95	5.76	5.38	5.16	5.86
Office and store supplies	0.97	1.03	0.90	1.01	1.19	1.36	1.51
All other expenses	1.13	1.34	1.37	1.23	1.32	1.68	1.24
Total operating expenses	12.07	12.49	12.94	13.68	13.14	20.53	20.98
Net operating profit before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income	7.32	6.51	6.73	6.68	6.48	2.50¹	7.05¹

¹ Net operating profit before addition of net non-trading income and allowance for income tax.

TABLE 14. Fruit and Vegetable Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy (Unincorporated Businesses), 1966

Item	Owned premises with annual net sales of			Rented premises with annual net sales of				Total owned and rented
	\$50,000 - 99,999	\$100,000 - 499,999	Total	\$20,000 - 29,999	\$50,000 - 99,999	\$100,000 - 499,999	Total	
Number of businesses reporting.....	4	3	9	3	7	4	15	24
Average net sales per business..... \$	66,228	242,710	166,246	26,180	77,631	194,618	107,271	127,107
Average beginning inventory \$	4,125	8,400	6,370	1,671	3,504	3,683	2,890	4,060
Average inventory, end of year \$	4,542	8,443	6,543	1,511	3,593	4,487	3,282	4,379
Average cost of goods sold \$	55,454	199,380	136,683	20,278	63,079	164,020	88,392	104,634
Stock turnover (times per year)	12.80	23.67	20.28	12.75	17.78	40.15	28.57	25.78
Profit and loss data (Per cent of net sales)								
Gross profit	16.27	20.60	20.01	22.54	18.74	15.72	19.43	19.62
Operating expenses:								
Employees' salaries and wages (except delivery)	1.65	5.17	4.08	—	1.63	4.10	2.46	3.00
Delivery expenses (including salaries and wages)	0.79	2.40	1.71	2.71	1.82	2.77	2.52	2.25
Occupancy expenses:								
Taxes.....	0.75	0.83	0.87	0.58	0.36	0.18	0.43	0.58
Insurance.....	0.51	0.44	0.48	1.03	0.46	0.31	0.41	0.43
Rent	—	—	—	6.65	3.43	1.02	3.30	2.19
Heat, light and power	0.60	0.53	0.62	1.14	1.18	0.31	0.84	0.77
Repairs and maintenance	0.43	0.62	0.72	0.57	0.37	0.41	0.45	0.54
Depreciation allowances.....	0.84	1.56	1.24	1.29	0.72	0.50	0.68	0.87
Total occupancy expenses	3.13	3.98	3.93	11.26	6.52	2.73	6.11	5.38
Office and store supplies	0.81	0.92	1.01	2.69	1.81	0.73	1.28	1.19
Advertising	0.80	0.23	0.41	0.39	0.11	0.31	0.18	0.26
Net loss on bad debts	—	—	—	—	0.03	—	0.01	—
All other expenses.....	1.05	1.46	1.40	2.22	0.85	0.97	0.89	1.06
Total operating expenses	8.23	14.16	12.54	19.27	12.77	11.61	13.45	13.14
Net operating profit	8.04	6.44	7.47	3.27	5.97	4.11	5.98	6.48
Non-trading income	—	1.72	1.12	10.68	0.61	0.19	1.04	1.07
Non-trading expense	—	0.41	0.26	9.41	—	0.23	0.72	0.57
Net profit before deduction of proprietors' salaries, withdrawals and income tax	8.04	7.75	8.33	4.54	6.58	4.07	6.30	6.98

**TABLE 15. Fruit and Vegetable Stores, Independent, Operating Results of
Incorporated Companies with Rented Premises, 1966**

Item	Total \$100,000 and over
Number of businesses reporting	5
Average net sales per business \$	205,919
Average beginning inventory \$	4,648
Average inventory, end of year \$	8,466
Average cost of goods sold \$	150,515
Stock turnover (times per year)	22.66
Profit and loss data (Per cent of net sales)	
Gross profit	28.03
Operating expenses:	
Employees' salaries and wages (except delivery)	12.10
Delivery expenses (including salaries and wages)	0.27
Occupancy expenses:	
Taxes	0.56
Insurance	0.40
Rent	2.44
Heat, light and power	0.42
Repairs and maintenance	0.72
Depreciation allowances	1.32
Total occupancy expenses	5.86
Office and store supplies	1.51
Advertising	0.15
Net loss on bad debts	-
All other expenses	1.09
Total operating expenses	20.98
Net operating profit	7.05
Non-trading income	-
Non-trading expense	-
Net profit before allowance for income tax	7.05

DELICATESSEN STORES, INDEPENDENT

Stores in this category are primarily engaged in selling cooked food ready to serve in the home without further preparation such as cooked meats and prepared salads. Other items may include bakery products, confectionery, dairy products, canned and bottled foods and groceries. Only unincorporated businesses were surveyed.

Fourteen usable reports were collected from unincorporated businesses. The gross profit for delicatessen stores operated by unincorporated businesses was 26.28 per cent of net sales in 1966 compared with 28.86 per cent in 1963. Salaries and wages, excluding the pay for delivery em-

ployees, were 7.16 per cent (8.25 per cent in 1963), delivery expense was 0.47 per cent (0.59 per cent), occupancy expenses amounted to 8.44 per cent (9.07 per cent), office and store supplies were 0.86 per cent (1.05 per cent) and all other expenses reached 3.02 per cent (2.76 per cent). Total operating expenses were 19.95 per cent (21.72 per cent) and net operating profit, before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income, was 6.33 per cent (7.14 per cent). Taking account of non-trading income and expense, the final profit was 6.89, per cent of net sales compared with 7.15 per cent in 1963. Data were only collected from delicatessen stores with rented premises.

TABLE 16. Delicatessen Stores, Independent, Operating Results, 1963 - 66

Item	Unincorporated businesses	
	1963	1966
	per cent of net sales	
Gross profit	28. 86	26. 28
Operating expenses:		
Employees' salaries and wages (except delivery employees)	8. 25	7. 16
Delivery expenses including salaries	0. 59	0. 47
Occupancy expenses	9. 07	8. 44
Office and store supplies	1. 05	0. 86
All other expenses	2. 76	3. 02
Total operating expenses	21. 72	19. 95
Net operating profit before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income	7. 14	6. 33

TABLE 17. Delicatessen Stores, Independent, Operating Results of Unincorporated Businesses, 1966

Item	Rented premises with annual net sales of				Total
	\$20,000 - 29,999	\$30,000 - 49,999	\$50,000 - 99,999	\$100,000 - 199,999	
Number of businesses reporting	4	3	3	3	14
Average net sales per business \$	24,218	35,384	72,435	123,674	79,658
Average beginning inventory \$	1,566	1,086	2,969	20,576	4,773
Average inventory, end of year \$	1,815	1,879	3,218	17,436	4,700
Average cost of goods sold \$	17,325	22,696	57,714	86,736	60,384
Stock turnover (times per year)	10.25	15.31	18.65	4.56	16.64
Profit and loss data (Per cent of net sales)					
Gross profit	28.46	35.86	20.32	29.87	26.28
Operating expenses:					
Employees' salaries and wages (except delivery).....	2.25	12.05	5.34	8.74	7.16
Delivery expenses (including salaries and wages)....	0.22	—	0.69	0.88	0.47
Occupancy expenses:					
Taxes	0.52	0.30	0.22	0.35	0.28
Insurance	0.62	0.40	0.13	0.59	0.31
Rent	6.09	4.03	3.74	3.92	4.03
Heat, light and power	2.30	1.32	1.00	0.87	1.19
Repairs and maintenance	2.27	0.17	0.41	1.55	0.71
Depreciation allowances	3.78	1.59	1.52	2.38	1.92
Total occupancy expenses	15.58	7.81	7.02	9.66	8.44
Office and store supplies	1.80	0.83	0.58	0.98	0.86
Advertising	0.17	0.45	0.32	0.78	0.37
Net loss on bad debts	—	—	0.03	0.01	0.02
All other expenses	1.90	3.53	2.56	2.63	2.63
Total operating expenses	21.92	24.67	16.54	23.68	19.95
Net operating profit	6.54	11.19	3.78	6.19	6.33
Non-trading income	0.62	2.03	—	—	0.56
Non-trading expense	—	—	—	—	—
Net profit before deduction of proprietors' salaries, withdrawals and income tax	7.16	13.22	3.78	6.19	6.89

DAIRY PRODUCTS STORES, INDEPENDENT

Stores in this category are primarily engaged in selling dairy products such as fluid milk, cream, butter and cheese in which any manufacturing operations carried out are not extensive enough to justify the classification of the store as a manufacturing plant. Other items may include lard, honey, cooked meats, light groceries and eggs. Both unincorporated businesses and incorporated companies were surveyed.

Twenty-one usable reports were received from unincorporated businesses and incorporated companies. The gross profit for independent unincorporated businesses was 41.70 per cent of net sales, in 1966, compared with 44.53 per cent in 1963. Salaries and wages, in 1966, excluding the pay for delivery employees, were 12.82 per cent (9.99 per cent in 1963), delivery expense was 0.02 per cent (0.52 per cent), occupancy expenses reached 11.83 per cent (17.27 per cent), office and store supplies 1.97 per cent (0.65 per cent), all other expenses 3.74 per cent (5.76 per cent), making total operating expenses 30.38 per cent, in 1966, compared with 34.19 per cent in 1963. Net operating profit, before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income was 11.32 per cent, in

1966, against 10.34 per cent three years earlier. Taking account of non-trading income and expense, the final net profit was 11.47 per cent (10.32 per cent in 1963). In the detailed tables, a distinction is made between stores with owned premises and stores with rented premises.

In the incorporated sector of the trade four usable reports were received. The gross profit for independent incorporated companies was 54.04 per cent, compared with 41.58 per cent in 1963. Salaries and wages, in 1966, excluding the pay for delivery employees, were 23.95 per cent (15.17 per cent in 1963). Occupancy expenses reached 12.40 per cent (14.54 per cent), office and store supplies 0.84 per cent (0.58 per cent), all other expenses 6.95 per cent (8.92 per cent), making total operating expenses 44.14 per cent (41.09 per cent). Net operating profit, before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income, was 9.90 per cent (0.49 per cent). Taking account of non-trading income and expense, the final profit was 10.16 per cent, compared with 0.49 per cent in 1963. Reports were received only from stores with owned premises.

TABLE 18. Dairy Products Stores, Independent, Operating Results, 1963 - 66

Item	Unincorporated businesses		Incorporated	
	1963	1966	1963	1966
Gross profit	44.53	41.70	41.58	54.04
Operating expenses:				
Employees' salaries and wages (except delivery employees).....	9.99	12.82	15.17	23.95
Delivery expenses including salaries	0.52	0.02	1.88	—
Occupancy expenses	17.27	11.83	14.54	12.40
Office and store supplies	0.65	1.97	0.58	0.84
All other expenses	5.76	3.74	8.92	6.95
Total operating expenses	34.19	30.38	41.09	44.14
Net operating profit before deduction of proprietors' salaries, withdrawals and income tax and addition of net non-trading income	10.34	11.32	0.49¹	9.90¹

¹ Net operating profit before addition of net non-trading income and allowance for income tax.

TABLE 19. Dairy Products Stores, Independent, Operating Results by Annual Sales Volume and Type of Occupancy
(Unincorporated Businesses), 1966

Item	Total all sizes, owned premises	Rented premises with annual net sales of			Total owned and rented
		\$30,000 - 49,999	\$50,000 - 99,999	Total	
Number of businesses reporting	7	5	3	10	17
Average net sales per business \$	72,154	43,380	68,587	41,605	56,665
Average beginning inventory \$	1,845	744	1,445	777	1,303
Average inventory, end of year \$	1,708	861	1,369	827	1,261
Average cost of goods sold \$	43,448	27,065	35,578	23,395	33,281
Stock turnover (times per year)	37.03	33.75	25.29	39.39	38.23
Profit and loss data (Per cent of net sales)					
Gross profit	41.02	37.61	48.13	42.35	41.70
Operating expenses:					
Employees' salaries and wages (except delivery).....	14.35	10.06	9.42	11.33	12.82
Delivery expenses (including salaries and wages)....	—	—	0.09	0.03	0.02
Occupancy expenses:					
Taxes	1.17	0.91	0.50	1.38	1.28
Insurance	0.53	0.38	0.22	0.27	0.40
Rent	—	6.30	9.17	8.06	4.09
Heat, light and power	1.33	1.84	1.13	1.88	1.61
Repairs and maintenance	1.67	1.02	1.67	1.47	1.57
Depreciation allowances	3.10	0.65	1.52	2.69	2.88
Total occupancy expenses	7.80	11.10	14.21	15.75	11.83
Office and store supplies	1.23	0.56	3.19	2.69	1.97
Advertising	1.13	0.08	2.51	0.92	1.02
Net loss on bad debts	0.03	0.23	—	0.07	0.05
All other expenses	2.52	1.84	4.60	2.81	2.67
Total operating expenses	27.06	23.87	34.02	33.60	30.38
Net operating profit	13.96	13.74	14.11	8.75	11.32
Non-trading income	0.20	0.16	0.03	0.19	0.19
Non-trading expense	0.09	—	—	—	0.04
Net profit before deduction of proprietors' salaries, withdrawals and income tax	14.07	13.90	14.14	8.94	11.47

TABLE 20. Dairy Products Stores, Independent, Operating Results of Incorporated Companies with Rented Premises, 1966

Item	Total all sizes
Number of businesses reporting.....	4
Average net sales per business..... \$	70,315
Average beginning inventory..... \$	787
Average inventory, end of year..... \$	736
Average cost of goods sold..... \$	32,745
Stock turnover (times per year).....	43.96
Profit and loss data (Per cent of net sales)	
Gross profit	54.04
Operating expenses:	
Employees' salaries and wages (except delivery)	23.95
Delivery expenses (including salaries and wages).....	—
Occupancy expenses:	
Taxes.....	0.86
Insurance.....	0.35
Rent.....	3.73
Heat, light and power.....	2.36
Repairs and maintenance.....	1.36
Depreciation allowances.....	3.74
Total occupancy expenses	12.40
Office and store supplies.....	0.84
Advertising.....	1.57
Net loss on bad debts.....	—
All other expenses.....	5.38
Total operating expenses	44.14
Net operating profit	9.90
Non-trading income.....	0.26
Non-trading expense.....	—
Net profit before allowance for income tax.....	10.16

DEFINITIONS

PROFIT AND LOSS

Items

Net sales—the dollar volume of business done. Allowances and discounts granted to customers and value of goods returned by customers are deducted from gross sales, but sales of meals or lunches provided employees and any goods withdrawn by the proprietor for personal use are included.

Purchases—are taken at invoice value less returns and allowances, cash and trade discounts. Added to the cost of merchandise are the following expenses: duty, inward freight, express and trucking, alterations, etc.

Cost of goods sold—determined by adding the beginning inventory to net purchases and deducting the ending inventory.

Gross profit—the difference between "cost of goods sold" and "net sales".

Operating expenses—all costs incurred in the year's operation of a business, except the cost of merchandise. These include:

Salaries and wages (except for delivery employees)—payments to employees (wages, salaries, bonuses, payments for leave, payments in kind) before deduction of income tax or unemployment insurance. Proprietors' salaries or withdrawals are included in "net operating profit" in unincorporated store operations.

Delivery—includes salaries paid to delivery men, truck repairs and maintenance, depreciation, licences and insurance on delivery equipment and supplies used in connection with delivery (gas, oil, etc.)

Taxes—business, property and water taxes and licences. Taxes collected for remittance to governmental bodies and income tax are not included.

Insurance—annual proportion of premiums for insurance policies carried to protect the business.

Rent—payments for use of business premises.

Heat, light and power—cost applicable to year's operations.

Repairs and maintenance—costs incurred to keep fixed store assets operating efficiently (excludes capital expenditure).

Depreciation—Write-offs for the year of fixed assets used in the business only, or rates authorized by the Income Tax Department.

Store supplies—wrapping paper, office supplies, etc.

Advertising—displays, window dressing and sales promotion.

Net bad debt loss—estimated amount of uncollectable customers' accounts receivable less the amount recovered from former bad debts.

Other expenses—telephone, telegraph, postage, bank charges, legal, auditing and collection fees, etc.

Net operating profit—is the difference between "total operating expenses" and "gross profit" and in the case of unincorporated businesses includes proprietors' salaries and withdrawals before income tax deductions.

Occupancy—the cost of maintaining and occupying a place of business and includes: rent, business and property taxes, insurance, heat, light and power, repairs and maintenance and depreciation.

Non-trading income—interest earned, revenues from rentals, other activities, carrying charges and investments.

Non-trading expense—interest expense, rental expense, any other expense not pertaining to the business.

Ratios

Stock turnover—the number of times in a year that the average merchandise inventory is sold and replaced. The average of the beginning and ending inventories is divided into the cost of goods sold.

Note: Each of the following ratios are expressed as a percentage of "net sales". Consequently, it is permissible to make direct comparisons between these ratios. Each ratio represents a portion of the average net sales' dollar.

Gross profit ratio—sometimes referred to as the "gross margin ratio" or "mark-up" represents the difference between "cost of goods sold" and "net sales". It is the portion of the average sales' dollar from which the merchant meets his operating expenses and obtains his net operating profit.

Operating expense ratios—each item of expense, as well as "total operating expenses" when expressed as a percentage of "net sales" shows the amounts of the average sales' dollar required to operate the average business.

Net operating profit ratio—the remaining proportion of the average sales' dollar after "cost of goods sold" and "total operating expenses" have been deducted. From this amount, the percentage allowances for both proprietors' salaries and income tax should be deducted, in order to determine the percentage to sales of net returns on capital investment.

